

THE STATE OF EUROPE

A new action plan for Europe



Autumn 2014

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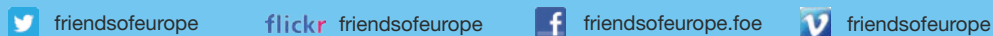
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THE STATE OF EUROPE A new action plan for Europe

Report of the eleventh annual high-level roundtable for Friends of Europe Trustees, top policymakers, business leaders, civil society representatives and opinion-formers

organised by Friends of Europe

Also with direct input from Europe's citizens through *Debating Europe*

Autumn 2014
Egmont Palace, Brussels

This report reflects the conference rapporteur's understanding of the views expressed by participants. Moreover, these views are not necessarily those of the organisations that participants represent, nor of Friends of Europe, its Board of Trustees, members or partners.

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FOREWORD

It's been quite a year. Elections to the European Parliament in May highlighted growing public disaffection with the European Union; there was a surge in public support for populist parties across Europe; a bruising institutional squabble followed over the appointment of a new president of the European Commission; and the debate over growth vs austerity grew louder and more acrimonious. On the foreign policy front, meanwhile, the EU struggled to deal with an increasingly assertive Russia and the spread of Islamic extremists on its southern flanks.

All these questions were top of the agenda of *Friends of Europe's* annual "State of Europe" VIP roundtable, with some of the continent's most influential policymakers, parliamentarians, business leaders and civil society representatives giving their views on Europe's many challenges - and aspirations for the future.

Organised at the start of *Friends of Europe's* 15th anniversary year, with the support of the Italian government as holders of the EU presidency, participants hammered out a roadmap for the EU's new leaders, calling for more-assertive policies to ensure growth, fight stubbornly high unemployment, boost competition, make Europe greener and play a stronger role on the world stage. Discussions were animated – with many speakers voicing deep unease about the future direction of Europe and the complex and interconnected challenges facing the EU's new leaders.

In addition to the discussion among Roundtable participants, *Debating Europe* brought in questions posed by European citizens on all five of the sessions: Future Europe, Smarter Europe, Greener Europe, Better Europe and Global Europe.

Once again, the Roundtable brought together high-level participants from across Europe. This summary of the debates illustrates that it is indeed time for a new action plan for Europe. The EU's new leaders should take heed.

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Foundation

EXECUTIVE SUMMARY

Annual roundtable demands action from new EU leaders

Friends of Europe's high-level annual roundtable hammered out a roadmap for the EU's new leaders, calling for more-assertive policies to fight stubbornly high unemployment, boost competition, make Europe greener and play a stronger role on the world stage.

State of Europe 2014 took place at a difficult and bruising period for the EU as it moves from crisis to crisis. Fears of a Eurozone collapse may have eased but State of Europe participants noted that the economy is hardly growing - and could possibly be on the verge of another recession. Unemployment is high especially among young people – who feel growing alienation and mistrust of their governments and of the EU.

This, in turn, contributed to the strong results for anti-EU parties at the European Parliament elections in May 2014 – and may reduce the prospects for Europe-wide solutions to economic problems. “I believe that for the next five years, we will have huge challenges,” said Mario Monti, former Italian Prime Minister and Friends of Europe's Trustee. “That is good because we know that Europe only makes progress through challenges.”

One place to start could be greater public investment. As well as boosting short-term demand, this could create a basis for growth and thus benefit future generations. Current low interest rates in countries like Germany mean that the return from public investments should be greater than that from continuing to save money, Monti said. “We can no longer afford to act as if the future were not economically relevant,” he said. “That is the case in a system which does not recognise the particular role of investment, including of public investment.”

The incoming President of the European Commission, Jean-Claude Juncker, wants to focus on a few key areas, such as energy and the digital economy, where markets are still divided along national lines. Outgoing Competition Commissioner and Friends of Europe's Trustee Joaquín Almunia argued that a true European single market would allow many smaller European firms to expand across the EU's 28 members and become more competitive globally. “We at the Commission are in favour of eliminating barriers,” he told the meeting. “Who are the supporters of the barriers that still protect national markets?”

High unemployment appears to be alienating young people, who are tired of unfulfilled promises and summits with no results, said Reiner Hoffmann, President of the German Confederation of Trade Unions. “This leads to young people who don't trust politicians and don't have trust in Europe,” he said.

With so much focus on economic problems, some environmentalists worry that green policies are seen as a brake on growth. They point out that capital spent on large-scale energy efficiency measures would create jobs and reduce spending on imported energy. There is “a very deeply flawed assumption, that there is a trade-off between the jobs and growth agenda and actually being sustainable,” said Sony Kapoor, Managing Director of Re-Define, a think tank. “I think that couldn't be further from the truth. However, it's a major challenge to persuade businesses and consumers of this.”

“This is not something for the short term,” said outgoing Environment Commissioner Janez Potocnik. “What I am really worried about is that democracies today are not rewarding people who are thinking long term.”

Russia's invasion of the Crimea took most Europeans by surprise early in 2014, and showed up vulnerabilities in the EU's security architecture. Though the EU deploys tools such as diplomacy, trade and aid, it does not have the military force to back these up. NATO is heavily dependent on U.S. leadership, a burden that some Americans are becoming weary of.

“If Crimea is not a wakeup call that defence spending is inadequate then they might have to wait till it's too late,” said James Rubin, Scholar in Residence at the Rothermere American Institute, Oxford and former US Assistant Secretary of State. The next challenge from Russia could come in the Baltic states, he said. Because these countries, unlike Ukraine, are members of both the European Union and NATO, the West would be obliged to act.

However, Britain, France and Germany have their individual interests in Russia and President Vladimir Putin is trying to use these in order to divide the EU. “Europe is certainly still a financial and economic giant,” said former NATO Secretary General and Friends of Europe's Trustee Jaap de Hoop Scheffer. “It is a political adolescent and it is a military pygmy.”

Some Europeans think the time is to be bold. Sylvie Goulard, Member of the European Parliament Committee on Economic and Monetary Affairs and Friends of Europe's Trustee, said Brussels should listen more to Eurosceptics and the anti-European movement, such as those recently elected to the European Parliament. “They can help us, really,” she said. “They bring controversy. They bring something new. So, let's try to put ourselves under their pressure and we will renew our thinking.”



Carl Bildt, former Prime Minister
and Foreign Minister of Sweden

A NEW ACTION PLAN FOR EUROPE

Europe urgently needs new approaches to respond to voter anger at a fragile economic recovery and to secure its eastern borders against an increasingly hostile Russia, participants told Friends of Europe's top-level annual roundtable.

Despite the easing of the sovereign debt crisis that gripped the EU till two years ago, fresh problems have been raining down, sparking debate – and disagreement – over how to react. The roundtable examined those issues and sought a “A New Action Plan for Europe,” as this year's State of Europe was entitled.

Former Italian Prime Minister **Mario Monti**, a trustee of Friends of Europe, said there was a division over economic policy – in particular the Eurozone's key economic agreement, which limits budget deficits to 3% of gross domestic product (GDP). Northern Europe – especially Germany – wants no derogation from this rule while countries such as France and Italy seek some leeway in order to try to spark economic growth.

“The time now is right, once the infancy of the euro is clearly over, for a more mature vision of new rules.”

Mario Monti, Former Italian Prime Minister

“Underneath the debate on economic growth really lies a debate between two visions,” he said. “One attaches a great deal of importance to respecting the law in a community of law, which is the EU. And there is another part of Europe that is urging more growth at this time – otherwise even the fabric of the European Union may be destroyed.”

He called for new ideas to combine growth with a credible enforcement of the rules. “Let's not fool ourselves. The stability and growth pact is kept together through a number of concessions that are not in line with its spirit,” Monti said. “The time now is right, once the infancy of the euro is clearly over, for a more mature vision of new rules, so that they can be strictly adhered to. But we can no longer afford to act as if the future were not economically relevant.”

The State of Europe roundtable, including five thematic sessions, sought to come up with new solutions for this and other challenges by drawing on nearly 200 top policymakers, leaders of business and civil society, analysts and academics. The debate followed the European Parliament elections in May in which mainstream political parties lost ground to populists, and was held just as a new European Commission was taking shape and laying out priorities for the EU over the next five years.

“Lessons we have learned for thirty, forty years, were not in place at the EU level. We didn't have an emergency fund, and we know that stable financial markets need an emergency fund for sovereigns.”



Bruno Maçães, Portugal's Secretary of State for European Affairs

The EU has been challenged by a number of the events in recent years. **Bruno Maçães**, Portugal's Secretary of State for European Affairs, said the debt crisis occurred because the Eurozone had not been prepared to deal with global financial markets. “Lessons we have learned for thirty, forty years, were not in place at the EU level,” he said. “For example, we didn't have an emergency fund, and we know that stable financial markets need an emergency fund for sovereigns.”

Looking for solutions

The range of challenges in Europe is causing anxiety and reducing Europeans' faith in politicians and institutions. “Most people with whom we meet in our own member states, are worried, whether it's in UK or Germany or elsewhere,” said **Philip Lowe**, Non-Executive Director of the UK Competition and Markets Authority and Friends of Europe's Trustee. “They are worried about being powerless in relation to things which are happening to them, which they don't feel they have any control over. And they listen to politicians who promise, and can't deliver, on a lot of problems which arise from global integration and market integration. This reduces their legitimacy vis-à-vis the citizens.”

That includes politicians at the EU level, said **Martine Reicherts**, EU Commissioner for Justice, Fundamental Rights and Citizenship. “People do not trust the European institutions. They do not trust the politicians. They do not trust the way

**“People do not trust the European institutions.
They do not trust the politicians.”**

Martine Reicherts, EU Commissioner for Justice, Fundamental Rights and Citizenship



From left to right: Mario Monti, former Italian Prime Minister and Friends of Europe's Trustee, Etienne Davignon, President of Friends of Europe, Martine Reicherts, Commissioner for Justice, Fundamental Rights and Citizenship

we work in the Commission and the way decisions are being taken. For me it's very important to come back to very simple narrative, so that people understand what we are talking about."

Sylvie Goulard, Member of the European Parliament Committee on Economic and Monetary Affairs and Friends of Europe's Trustee, said Brussels should listen more to Eurosceptics and the anti-European movement, such as those recently elected to the European Parliament. "They can help us, really," she said. "They bring controversy. They bring something new. So, let's try to put ourselves under their pressure and we will renew our thinking."

"Let's try to put ourselves under their pressure and we will renew our thinking."

Sylvie Goulard, Member of the European Parliament Committee on Economic and Monetary Affairs and Friends of Europe's Trustee



There is also a need for creativity – for example in debates over EU policies and structures. The biggest European economies are facing a crunch year in 2017. The UK might have a referendum on whether to remain in the EU, and France and Germany will have national elections. However, they are all dominated by a debate over whether to have "more" Europe – meaning an increase in centralised decision-making and greater powers for EU institutions; or whether to have "less" – so that government stays as far as possible at a national level.

"You have in all three countries a discourse which is always less or more Europe. If we let go of the framing of the discussion, we are going to lose Europe."



Ulrike Guérot, Director of the European School of Governance (EUSG)

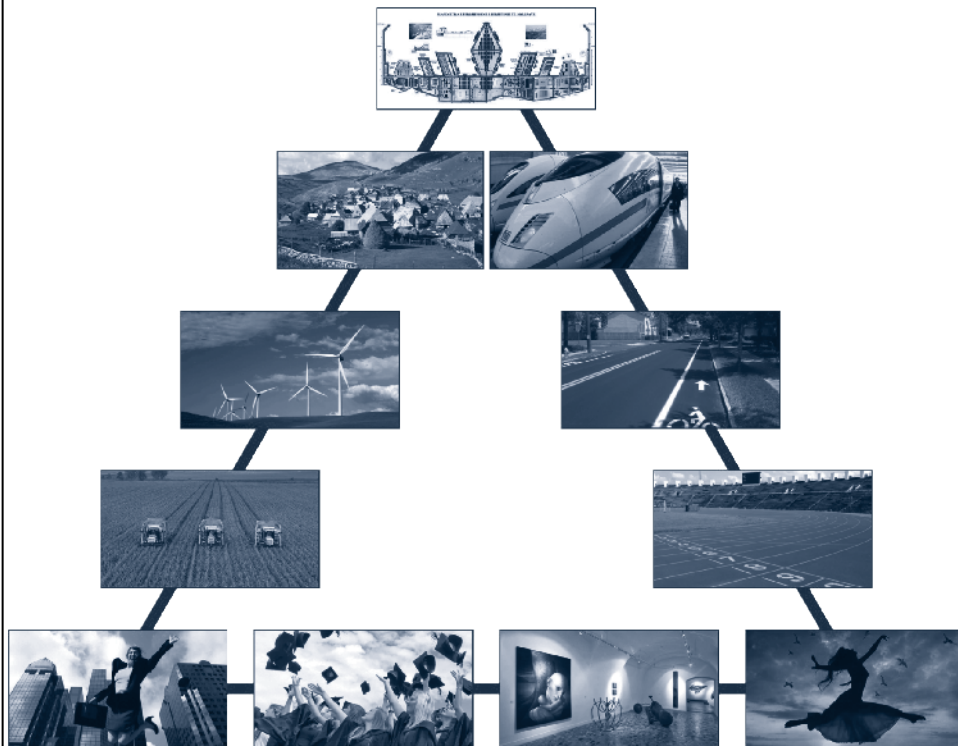
"You have in all three countries a discourse which is always less or more Europe," said **Ulrike Guérot**, Director of the European School of Governance. "All the panels, I have been in on radio and TV things, it's always this framing of 'less or more' Europe." However, "more" Europe is not selling right now, so such a one-dimensional debate will result in a negative conclusion, she said: "If we let go of the framing of the discussion, we are going to lose Europe."

One potential solution for the economy is gaining traction. "We have a major instrument which remains unused, which is public investment," said **Yannos Papantoniou**, President of the Centre for Progressive Policy Research. "With



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the current low borrowing costs, public investment represents a free lunch for everybody. Out of every euro you spend on infrastructure, you create so much income that the whole cost is covered. The question is: how blind could we be to refuse to spend this money on public investment, just in the name of wrong orthodoxy?"

Mario Monti said it was important to persuade the Germans of this. "For Germans, by and large, economics is still a branch of moral philosophy", he said. "So you are never going to seduce them through effect-based policies. You are going to persuade them if you can match their view that growth is the result of moral economic behaviour by the individual, by households, by companies, by states."

**"For Germans, by and large,
economics is still a branch of moral philosophy"**

Mario Monti, former Italian Prime Minister and Friends of Europe's Trustee



Part of the German aversion to debt is the belief that it is wrong to leave a burden to future generations. But with interest rates so low now, it could be argued that future generations will suffer more if governments do not borrow to spend on infrastructure to provide a basis for growth. “There are windows where their ethical rigour may correspond to common sense acceptable to the Anglo Saxons and others of us,” Monti said. “We are lucky that right now this is a domestic policy topic in Germany, and we should simply help them persuade themselves that their beloved principles now should bring them to exactly the opposite policy behaviour.”

The EU, according to Maçães, is at chapter two of a Bildungsroman. “The first section is growing up, childhood, the early years,” he said. “We have been through that, culminating with the Treaty of Lisbon. Then the hero or the heroine goes into the world and there’s a moment of crisis. Either there is something wrong with him or there’s something wrong with the world – but they don’t fit and this crisis has to be resolved. The hero and the world have to reconcile themselves somehow. I think this is more or less the moment we are at.”



Some of the member state citizens whose video questions were put to the panel

Time to get more competitive

Although financial stability has been the major focus in recent years, Europe also needs to become more competitive, said [Valdis Dombrovskis](#), incoming Vice President and EU Commissioner for Euro & Social Dialogue. “To deal with the current problems, you need to work in both directions,” he said. “You need to ensure financial stability – nobody wants the kind of financial turmoil we had couple of years ago. But we also need to strengthen our competitiveness, and we need investment.”

“You need to ensure financial stability. We also need to strengthen our competitiveness, and we need investment.”

Valdis Dombrovskis, Vice President, EU Commissioner for Euro & Social Dialogue



That means posing questions about the EU's weak growth. "We have what (IMF Managing Director) Christine Lagarde called a mediocre global economic situation," said **Carl Bildt**, former Prime Minister and Foreign Minister of Sweden. "And the mediocre among the mediocre is the European economy. We are now at growth rates that are a third of what the world before the crisis, while US growth rates are above what they were before the crisis."

"The mediocre among the mediocre is the European economy."

Carl Bildt, former Prime Minister and Foreign Minister of Sweden



"Size matters. But if your markets continue to be national, companies will be weak."

Joaquín Almunia, Competition Commissioner

The cause, according to outgoing Competition Commissioner **Joaquín Almunia** and others, lies in a number of sectors where the single market is not functioning as it should – notably energy and digital products. He said the EU's 28 nationally based markets for mobile phones are one reason Europe has fallen behind in this booming sector.

"Size matters. You need size to be able to negotiate with the top players of the digital era," he said. "But if your markets continue to be national, companies will be weak in negotiations, which will hinder them."

The single market is a huge opportunity that is not being used at the level we need it. It's not being used in the energy sector. And we need to advance in digital."

The problem is not technology but politics, said **James Elles**, Chairman of the Management Committee of the Transatlantic Policy Network. As a result, the next generations of mobile phones – 4G and 5G – are being developed more quickly in South Korea, China and the United States. "We were leaders. Now we are behind, we are languishing," he said. "The digital single market is about the regulatory framework and mobilisation – but above all it is political leadership."

The pressure on national budgets is affecting the pharmaceutical industry, said **Jean-Paul Kress**, CEO of Sanofi Pasteur MSD. In particular, a tendency to view the pharmaceutical and healthcare industries as costs, rather than solutions, is leading to cutbacks. That could result in less-healthy populations – and could drive the industry out of the EU.

"Pharma industry CEOs obviously have to make arbitrage in front of shareholders, and Europe is not very popular right now."

Jean-Paul Kress,
CEO of Sanofi Pasteur MSD



"We can't afford in our economic context to have, in addition to everything else, the health of our citizen worsen in the next couple of years," he said. "Pharma industry CEOs obviously have to make arbitrage in front of shareholders, and Europe is not very popular right now. So I would like to remind everyone that the pharma industry employs 700,000 people in Europe, almost 20% of the private R&D work force. So that's obviously a lot of direct jobs that are at stake."

Decision-making has become more difficult over the past two decades, and that has slowed down the implementation of new policies, said **Étienne Davignon**, President of Friends of Europe, a former vice-president of the European Commission, and a Minister of State of Belgium. In the past, the expectation of a new directive would encourage actors to adjust in advance to gain a competitive advantage. “Today, the mood is completely different,” he said. “The mood is: it's not going to happen; it's not going to work; so we wait.”

“The mood is: it's not going to happen, it's not going to work, so we wait.”

Étienne Davignon, President of Friends of Europe, former vice-president of the European Commission, and a Minister of State of Belgium



Job creation

Europe's economy is also notable for the high jobless rate in countries such as Spain, especially among young people. But employers in some industries in some countries – German engineering firms, for example – say they can't find enough qualified staff.

A study two years ago found that there were about 20 million unemployed in Europe – but also more than one million vacancies that had existed for more than six months, said Koos Richelle a former European Commission Director General for Employment, Social Affairs and Inclusion. “The match between the skills and the jobs could not be made,” he told the session on Social Europe “What are we going to do with all those people that are not needed anymore because simple work is more and more left out?”

“It is quite extraordinary how unexploited the potential of education systems is.”

Xavier Prats Monné, European Commission Director General for Education and Culture



Education should be a big part of the solution, said **Xavier Prats Monné**, European Commission Director General for Education and Culture. But Europe appears to have lost faith in the capacity of education to improve the welfare of individuals, families and countries. Bulgaria, for example, spends half as much of its GDP on education as China, he said.

Of course, national governments run their education systems rather than the European Union – but that is a poor excuse for inaction, said Prats Monné: “It is quite extraordinary how unexploited the potential of education systems is and how incapable we are of focussing more on the outcomes of the education system, as opposed to the inputs and the qualifications they produce.”

Unemployment is already creating fallout in the form of alienation. Young people are tired of summits with no results and unfulfilled promises of jobs or training, said **Reiner Hoffmann**, President of the German Confederation of Trade Unions. “This leads to young people who don’t trust politicians and don’t have trust in Europe,” he said.

“If even young trade union members don't believe in Europe, we have a problem. This really is a risk for Europe, and it is a risk for democracy.”



Reiner Hoffmann, President of the German Confederation of Trade Unions

An analysis showed that at recent elections in Germany, including those for the European Parliament, 30% of young trade union members voted for either the Alternative für Deutschland (AfD), an anti-euro party, or the Nationaldemokratische Partei Deutschlands (NPD), a far-right party. “If even young trade union members don’t believe in Europe, we have a problem,” he said. “This really is a risk for Europe, and it is a risk for democracy.”

However, the EU has only limited powers to help create jobs. “I have heard that young people do not trust Europe any longer, and they don’t believe that Europe will help them to find a job,” said **Fiorella Padoa-Schioppa Kostoris**, Professor of Economics at the Università degli Studi di Roma “La Sapienza”. “It seems to

me that Europe has never helped many unemployed, as far as structural reforms of labour markets are concerned, simply because these policies have always been conceived as national policies.”

“Young people do not trust Europe any longer, and they don't believe that Europe will help them to find a job.”

Fiorella Padoa-Schioppa Kostoris, Professor of Economics at the Università degli Studi di Roma “La Sapienza”



“The will to invest in research and development and provide career possibilities for young people is very limited in many businesses.”

Brando Benifei, Italian Member of the European Parliament Committee on Employment and Social Affairs

Businesses need to be encouraged to provide better career opportunities, said **Brando Benifei**, an Italian Member of the European Parliament Committee on Employment and Social Affairs. “In some countries, for example in mine, the will to invest in research and development and provide career possibilities for young people is very limited in many businesses,” he said. “We need the right policies so that people are not inactive for long periods, because this will damage their salary, career and pension prospects.”

Europe’s recent economic fire-fighting might have pulled attention and resources away from topics that do not always appear urgent, but are still highly important, panellists said.

Have we forgotten the environment

One of these is the environment. “There are a number of clocks ticking,” said [Chris Burns](#), Editor and Media Director for Friends of Europe. They included a European Council meeting on the energy mix and on targets for cutting greenhouse gases. Then there’s the climate change conference scheduled for December 2015 in Paris, which aims to come up with a new international agreement. “It’s not going very well at the moment,” he said.



“There are a number of clocks ticking. It's not going very well at the moment.”

[Chris Burns](#), Editor and Media Director for Friends of Europe

Environmental groups have been highly critical of how incoming Commission President Jean-Claude Juncker has allocated roles for his Vice Presidents and Commissioners. Whereas the last Commission led by José Manuel Barroso had a dedicated Commissioner for the Environment and another for Climate Action, Juncker has one Commissioner for Environment, Maritime Affairs and Fisheries, and another for Climate Action and Energy.

Moreover, the political guidelines Juncker presented to the European Parliament on 15 July were weak in their environmental content, according to Jeremy Wates, Secretary General of the European Environmental Bureau. “They essentially say: ‘Don’t think about coming forward with any new environmental policies that don’t fit the jobs and growth agenda’,” he said. “You are going to ask me what my recommendations are. Don’t go ahead with this.”

If Juncker does, indeed, downgrade environmental concerns, it comes at a time when they are touching on wider policy areas. WWF Director [Tony Long](#) said that EU diplomats and NATO officials he spoke to used to dismiss the environment as a “Sunday activity”.

Now, however, environmental issues are being increasingly linked with those of peace and security, because of their connection to migration patterns and access to resources – from marine resources in the South China Sea, to water resources in India and Pakistan, to poaching and illegal timber cutting. “I think we have got to reframe the environmental debate,” he said. “It’s not just the green issue anymore. I don’t think it can be a Sunday activity any longer.”

“I think we have got to reframe the environmental debate. It's not just the green issue anymore. I don't think it can be a Sunday activity any longer.”

[Tony Long](#), WWF Director



HUAWEI EUROPE AT A GLANCE



Local Presence

- 33 Countries
- 7,700 Employees
- 8 Training Centers
- 3.4 USD Billion spent in Local Procurement

2 Regional Headquarters



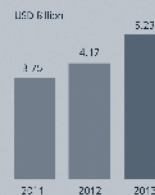
Innovation

- 17 R&D Sites
- 850 R&D Employees
- 6 Centers of Excellence



Financial Figures

+25%
Revenue Increase



Partnerships

Co-operations with
+120
European technical scholars
and **+200**
academic institutions

Assisted **+100**
Research Projects



Participated in
+170
technical standard
organizations

Some environmentalists point to a misunderstanding that green policies are incompatible with pro-growth action. “Underlying this is a very deeply flawed assumption, that there is a trade-off between the jobs and growth agenda and actually being sustainable,” said **Sony Kapoor**, Managing Director of Re-Define. “I think that couldn't be further from the truth.”

Instead, economic growth could be generated by deploying more capital for, say, large-scale energy efficiency measures. “The EU is just about maintaining its lead in technology for climate change solutions, environmental solutions and resource efficiency – and I am afraid we are just about to lose it,” said Kapoor. “Make sure that monetary policy, fiscal stimulus and financial sector policy take into account the environment. China is doing it. Why can't we?”

“Underlying this is a very deeply flawed assumption, that there is a trade-off between the jobs and growth agenda and actually being sustainable.”

Sony Kapoor, Managing Director of Re-Define



It will help if business changes its mindset, said **Arnaldo Abruzzini**, Secretary General of the Association of European Chambers of Commerce and Industry (EUROCHAMBERS). He said that big business has traditionally opposed a greener economy because of fears it would raise the cost of inputs such as energy. “We should stop combining sustainability only with environmental protection,” he said. “We should combine sustainability with business opportunities.”

“We should combine sustainability with business opportunities.”

Arnaldo Abruzzini, Secretary General of the Association of European Chambers of Commerce and Industry (EUROCHAMBERS)



“In order for the market to be the right answer against pollution, you have to pay the cost of pollution.”

Edmond Alphadery, former Economy Minister of France

Edmond Alphadery, former Economy Minister of France, agreed. “When you create needs, you create wealth,” he said. “So I am absolutely sure that fighting pollution creates wealth and therefore growth. The problem is that the market must be the answer. But in order for the market to be the right answer against pollution, you have to pay the cost of pollution.”

One condition for that is consistent regulation. “One thing which is definitely missing, is the sustainability of sustainable policies,” said Philip Lowe, Non-Executive Director of the UK Competition and Markets Authority. “We need to

have predictable policies which stay, and give the impression both to business and the governments that we are going in this direction.” Businesses need to believe that being competitive in green terms will make them competitive in general: “That’s been absent. We have got to get back to the creation of a competitive, low-carbon economy.”

“One thing which is definitely missing, is the sustainability of sustainable policies.”

Philip Lowe, Non-Executive Director of the UK Competition and Markets Authority



“When citizens start to hear about the environment and discussion of carbon taxes, the environment is viewed as an added cost.”

Malcolm Byrne, Head of Communications at the Higher Education Authority in Ireland and member of the 40under40 European Young Leaders

A fundamental trouble for environmental policy could be diminishing public interest. “The environment is not a political issue,” said **Malcolm Byrne**, Head of Communications at the Higher Education Authority in Ireland. “In Ireland this year, the issue in the local and European elections was jobs and employment. When citizens start to hear about the environment and discussion of carbon taxes, the environment is viewed as an added cost. Naturally, national governments are going to follow the priorities set by citizens.”

That's a problem, said outgoing Environment Commissioner **Janez Potocnik** – because politicians are increasingly pushing quick fixes to problems to try to win votes. “From the business point of view, the environment should be a win-win solution – but this is not something for the short term,” he said. “What I am really worried about is that democracies today are not rewarding people who are thinking long-term. It is hard to find a politician who is re-elected by thinking long-term. It's punished.”

“Democracies today are not rewarding people who are thinking long-term.”

Janez Potocnik, EU Commissioner for Environment



Security under increased threat

Security, too, has been neglected in recent years by Europeans, who now find themselves beset by challenges to their south and east. “Where is the leadership going to come from, if we are still in a bind as regards our defence expenditure, falling budgets and public scepticism?” said **Shada Islam**, Director of Policy at Friends of Europe.

“Where is the leadership going to come from, if we are still in a bind as regards our defence expenditure, falling budgets and public scepticism?”



Shada Islam, Director of Policy at Friends of Europe

For periods since the end of the Cold War, Europeans did not seem to mind this. But Russian aggression and the conflicts in North Africa and the Middle East have made people question Europe's declining military strength. Moreover, EU member states still tend to focus on their bilateral international relations and are reluctant to invest in a common EU foreign and security policy.

“Germany, France and the United Kingdom, are losing interest in the Brussels institutions as far as foreign and security policy is concerned,” said former

NATO Secretary General [Jaap de Hoop Scheffer](#). “Vladimir Putin definitely has a Europe policy, but I think there's a question over whether the European Union has a Russia policy. In Berlin, in Paris and in London, the relationship with Russian friends is easily seen through a bilateral prism, and that makes a decent common European policy very difficult.”

Another such case is Libya, where some major EU member states have significant economic and political interests. “Since late 2011, they have competed fiercely with each other and served to undermine EU policy on Libya,” said [Mary Fitzgerald](#), Foreign Affairs Correspondent of the Irish Times. “When I speak to key Libyan political players now, they talk about what the British, the French, the

“Vladimir Putin definitely has a Europe policy, but I think there's a question over whether the European Union has a Russia policy.”

[Jaap de Hoop Scheffer](#), former NATO Secretary General and Friends of Europe's Trustee



Italians are looking for and doing in Libya. They talk about what the Americans are looking for and doing in Libya. They don't talk about the EU. The EU is seen as a payer, not a player. It's not taken seriously, and a lot of that is because the member states are not taking the EU seriously.”

The problem is not new, said [Anna Terrón](#) Special Representative of the Secretariat of the Union for the Mediterranean: it's the result of a number of structural problems the EU has always had. “It's true that Europe's reputation has declined because of the crisis,” she said. “But we were not an effective player before the crisis. Decision-making in the European Union is not easy – especially in foreign affairs and the international arena.”

“The EU is seen as a payer, not a player. It's not taken seriously, and a lot of that is because the member states are not taking the EU seriously.”

[Mary Fitzgerald](#), Foreign Affairs Correspondent of the Irish Times and member of the 40under40 European Young Leaders





Kim Chang Beom, Ambassador Mission of South Korea to the EU



Shada Islam, Director of Policy at Friends of Europe, Petr Drulak, First Deputy Minister, Ministry of Foreign Affairs, Czech Republic and Jean Michel Glachant, Director of the Florence School of Regulation



John Vasallo, Senior Strategic Adviser of Microsoft, and Lirim Muharemi, Chairman Lightbringer Foundation



Androulla Vassiliou, Commissioner for Education, Culture, Multilingualism, Sport, Media and Youth, Yann Le Cam, Chief Executive at European Organisation for Rare diseases and Pedro Solbes Mira, Former Spanish Second Vice President and Minister of Economy

Information gathering is another weakness in European foreign policy, said **Ben Judah**, Visiting Fellow at the European Stability Initiative and author of “Fragile Europe”. “We have had revolutions and civil wars across the Middle East. There was a revolution in Ukraine. Then Russia moved in and invaded. And nobody saw it coming,” he said. “Nobody had any idea who the revolutionaries were. It all appeared to come out of nowhere. It is as if we have got the information sources of the Dark Ages.”

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Ben Judah, Visiting Fellow at the European Stability Initiative and author of “Fragile Europe”



The reason is the sources of information behind foreign policy decisions, he said. One of these is newspapers, which often try to save money by covering conflicts through young, poorly paid stringers. Another is think-tanks, some of which are engaged in corporate lobbying. Embassies are often staffed by diplomats on short assignments who don't speak Russian or Arabic. And foreign ministries have cut their research departments.

“Member states are not just having a disinterest in Europe. They are working in an anti-European fashion.”

Ana Gomes, Member of the European Parliament Committee on Civil Liberties, Justice and Home Affairs



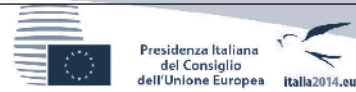
One solution would be to get information from old-fashioned academic sources with public funds. “I think we've got a serious problem here, but it doesn't have to be that way,” he said. “It's not the Cold War – it's not illegal for us to go to Russia. We can go wherever we want in Egypt.”

Ana Gomes, Member of the European Parliament Committee on Civil Liberties, Justice and Home Affairs, said the problem was not lack of information but lack of leadership. “Member states are not just having a disinterest in Europe.

Hints on the Italian Presidency

Italy, as one of the six founding members of the modern European Union, is holding the 12th Presidency since the signing of the Treaties of Rome in 1957. The first time Italy was holding the Presidency in July 1959. Among the achievements of the previous Presidencies, the following could be stressed: in June 1985 the Leaders of the Member States agreed that by the end of 1992 a single European market should be created; in 1990 it was agreed to create a European citizenship that will be added to the national identity; the decision was made to start discussions on political union and economic and monetary union. In June 1996 the European Council reached an agreement to launch the Europol. During the last Italian Presidency in 2003, the inaugural session of the Intergovernmental conference for the drafting and the adoption of the final version of the European Constitution, that constitutes the basis of the Lisbon Treaty, took place. This time the Presidency is taking place under different conditions and arrangements, but the Presidency is keen to achieve the main goals settled in order to facilitate better, stronger and smarter Europe.

The logo of the Italian Presidency was chosen within the schools competition "My Europe is..." on 20 May 2014. Over 600 Italian schools participated to the call, driven by a common will to represent their feeling of being European and Italian citizens. The Licco Artistico Design e Tecnico Grafico ISIS-IPSLA "Giuseppe Meroni" of Lissone, province of Monza, won the call thanks to a project that represents



the link between Italy and Europe: a swallow in the colours of the Italian and the European Union flags. The main features of the logo are: the upward beak symbolising the will to aim to the best; the wings representing direction and protection; the tail, the distinguishing element of a swallow, representing diversity as conveyed through the motto of the European Union, "united in diversity".



The "ambassador" of the 2014 six-month Italian presidency of the Council of the EU is Luca Parmitano, European Space Agency astronaut. He presents one of the examples of Italian talent and expertise at a global level and he embodies the positive values of being European, the same values the Italian presidency of the EU Council is promoting and conveying during the semester.

Finally, the Italian Presidency will pay special attention to the issues of sustainable development, including through the creation of positive synergies with EXPO Milano 2015, whose central theme is "Feeding the Planet. Energy for Life."



They are working in an anti-European fashion," she said. "They completely neglected the big picture, the big threats that are now at our doorstep."

Behind the politics of foreign affairs lie depleted European militaries, said De Hoop Scheffer. "Soft power is only taken seriously when there is a knowledge that it might be followed up by hard power," he said.

One reason for the declining strength is that military budgets are often wasted, said Giles Merritt, Secretary General of Friends of Europe. "Several people have said the public isn't interested in defence, but it's actually not true," he said. "The problem is, we have two million people in uniform – more than the Americans. But we spend more than 50% of our defence budgets on salaries, and only 2% of them can be sent anywhere dangerous. The Americans spend only 30% of their budget on salaries. We need to take an axe to our defence arrangements and say: Look, this is a sort of employment scheme we must stop."

"We spend more than 50% of our defence budgets on salaries, and only 2% of them can be sent anywhere dangerous. This is a sort of employment scheme we must stop."

Giles Merritt, Secretary General of Friends of Europe





Dawood Azami, BBC World Service Senior Broadcast Journalist and European Young Leader: "40 under 40, and Evy Christofilopoulou, Deputy Minister Ministry of Administrative Reform and e-Governance, Greece



Baron Daniel Janssen, Trustee Friends of Europe and Former Chairman of the Solvay Board of Directors, and Rhodri Morgan, Former First Minister for Wales



Mady Delvaux-Stehres, Vice-Chair European Parliament: Committee on Legal Affairs, Joachim Bitterlich, Trustee Friends of Europe and Former Diplomatic Advisor to Helmut Kohl, and Zanda Kalhina-Lukasevica, Chair National Parliament Latvia



Ingrida Circene, Member of the Political Party Unit, Katherine Watson, Director European Cultural Foundation, and Remus Pricopie, Minister of Ministry of Education Romania



Georgi Pirinski MEP, Former Chairman of the National Assembly of Bulgaria, and Alessandro Azzoni, Ministry of Foreign Affairs Italy



Adolfo Mesquita Nunes, Secretary of State for Tourism at the Ministry of Economy and Employment, Portugal, and Daniel Daianu, Member of the Board National Bank of Romania and Trustee of Friends of Europe



The changing stance of the US

Europe's weakness in defence came amid a swing in US foreign policy, as President Barack Obama's administration pulled back from the interventionist style of former President George Bush. **James Rubin**, Scholar in Residence at the Rothermere American Institute, Oxford, said that when he was a US Assistant Secretary of State in the 1990s, foreign policy was not very interesting to Americans. Then, after the 9/11 terrorist attacks, Bush invaded Iraq, overthrowing the government there despite having little support from other countries.

"The failure of that operation didn't just harm our reputation around the world, but Americans became worried that we weren't very good at this," Rubin said. "We went to the other extreme. President Obama, very much in tune with the public, began a slow but steady retreat from these operations. If the pendulum

went too far under Bush in towards intervention, it went too far under Obama in terms of retrenchment."

In particular, he said, the operation in Libya – led by French and British forces, with the US providing backup – was flawed. "While the UK and France had military capabilities, they did not add the necessary political component, such as a post-war plan. Nobody went to the rebels and said, 'OK, you want us to bomb. What are your commitments to us after Gaddafi falls?' That's the kind of thing that would have made a huge difference. The idea of a NATO operation not being led by the United States was unprecedented. And I hope it will never be repeated given the way things turned out in Libya."

The Obama administration's "pivot" – away from Europe and its surrounding area, towards the Asia-Pacific region – was a misstep, according to Rubin. "Where I think the administration really did make a mistake, was in the conceptual idea of



Luc Bas, Director of International Union for Conservation of Nature, Marjut Santoni, Deputy Chief Executive at European Investment Fund, and Jeremy Wates, Secretary General at European Environmental Bureau

Natalia Alonso, Head of EU Adocacy Office at Oxfam International, Farid Tabarki, Founder and Director at Studio Zeitgeist and member of the 40under40 European Young Leaders, and Michael Kuhndt, Director at Collaborating Centre on Sustainable Consumption and Production



The EIB is the European Union's bank. As the largest multilateral borrower and lender, the EIB provides finance and expertise for sound and sustainable investment projects. Owned by the 28 EU Member States, the Bank has been supporting the implementation of EU policy objectives through the projects it finances since its establishment in 1958.

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In the EU, the EIB supports smart, sustainable and inclusive growth, contributing to economic, social and regional cohesion, and to a greener economy. Unlocking finance for Europe's small and medium-sized enterprises is our top priority. Thanks to a EUR 10 billion capital increase, last year the EIB Group provided EUR 75,1 bn for projects with impact on growth and jobs.

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The EIB is uniquely placed to transfer knowledge and experience from its European operations to developing countries. Outside the EU, the EIB supports the EU external priorities. It is mainly active in pre-accession countries and in the neighbouring countries to the South and East. The Bank also operates in African, Caribbean and Pacific countries, Asia and Latin America. It provides finance and technical assistance for local private sector development, social and economic infrastructure and climate action projects.

Some key figures from last year:



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a pivot," he said. "Because the truth is, when there is a problem in the world – whether it is ISIS (the Islamic State of Iraq and Syria), whether it is Iran, whether it is Libya – we don't go to India; we don't go to China; we don't go to Japan; we don't go to South Korea; we don't go to Thailand to get help. We go to our European allies. What's unique in Europe is not the financial numbers and the trade numbers, but the reality that our European allies are the ones that share our values and are willing to take risks around the world."

A first step towards making the EU more effective in security would be to focus better. "We can be a player only if we abandon utopias, and the first utopia is that the EU can be everywhere and do everything," said [Alessandro Azzoni](#), Head of the CFSP Division in the Italian Ministry of Foreign Affairs. "We cannot solve all problems, so we need to set political and geographical priorities and a strategy. If we have a strategy, we can streamline and coordinate."

"When there is a problem in the world we go to our European allies. They share our values and are willing to take risks around the world."

James Rubin, Scholar in Residence at the Rothermere American Institute, Oxford



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That raises the question of which issues an EU foreign policy should focus on, said [Paul Taylor](#), European Affairs Editor at Thomson Reuters. “Do we want the European Union to conduct a common foreign policy on the major issues of our times? Or do we want essentially to deal with secondary issues?” he asked – for example the agreement between Kosovo and Serbia brokered by the EU. “I think the European External Action Service and the High Rep will do the things that the big member states don’t care enough about.”

“Do we want the European Union to conduct a common foreign policy on the major issues of our times? Or do we want essentially to deal with secondary issues?”



Paul Taylor, European Affairs Editor at Thomson Reuters

Still, recent events mean that some security topics are no longer optional. “We are scared to death that those jihadists will come back to our societies and do heinous things,” said De Hoop Scheffer. “We are forced to discuss foreign policy. We simply cannot afford to neglect ISIS, for our own internal security in The Hague, in Brussels, in Dublin and wherever.”

The next challenge could be a Russian move in the Baltic states, said Rubin. “I assign a high number to the probability that we are going to have a Baltic state crisis with Putin in the near future,” he said. “Something is going to happen and they are a NATO country.” That would mean the West is forced to take action of the kind it has not in Ukraine.

STATE OF EUROPE VIEWPOINTS

We have asked some of our discussants to express their point of view on the topics that have been discussed during the high-level roundtable. This is a short selection of viewpoints and you can find more on www.friendsofeurope.org



TURNING "INCOMPLETE EUROPE" INTO COMPETITIVE EUROPE

Europe's Single Market remains a work in progress, a work that needs to be accelerated in telecom, digital, energy, services and other sectors if we're to realise our full potential from globalisation and not fall victim to it. Both the consumer and businesses stand to gain if we can progress from an "Incomplete Europe" to a Competitive Europe.



Joaquín Almunia

Vice-President of the European Commission and EU Commissioner for Competition

By detecting and punishing abuses and cartels in our internal market of half a billion citizens, the Commission and National Competition Authorities can have a powerful and direct impact on competitiveness. Indeed, European businesses are the first victims of antitrust infringements which artificially inflate their production costs, for example when the price of an important input increases because it is cartelised. That, in turn, impacts consumer prices.

Just think about the cartels in car parts which the Commission has recently found and sanctioned, imposing fines totalling over a billion euros. Competition is also an important driver for innovation, which in turn boosts productivity. Competition encourages existing market players to stay competitive by innovating, and it stimulates new entries into the market to challenge established positions.

Therefore, thanks to competition policy, businesses in the Single Market can thrive based on their own merits. Robust enforcement of competition rules through all instruments – i.e. the fight against cartels and abuses of dominant positions, the examination of mergers, state aid control – is therefore an important part of the effort to improve competitiveness and boost economic growth.

Europe should also tap the full potential of an open, dynamic and fully integrated Single Market. It is obvious, for example, that existing barriers in telecom and

digital markets prevent EU companies from competing on a European scale, reach out to a customer base of half a billion potential users and invest faster in new technologies. The US and China do not have that problem, because their respective markets do not have the internal barriers that we still have: they are overseen by a single regulator and spectrum is allocated by a single authority.

Similarly, the EU needs a determined push to complete the internal market in energy, including by investing more in interconnectors. This is essential if we want to preserve the competitiveness of European businesses at a time when some international competitors have energy bills about 50 percent cheaper due to the shale gas revolution.

Finally, the services sector is also one area where we still do not have a genuine Single Market, with a direct impact on many other industries. In all these areas the "costs of non-Europe" – or I should say, of "incomplete Europe" – are still much too high, and they are impairing our ability to grow today. In these difficult times, the EU and its Member States cannot afford to leave this potential unexploited. The globalised economy leaves us little choice.

SOCIAL EUROPE: REGAIN CITIZENS'S TRUST WITH BOLD NEW ACTIONS

The success of the National Front in France's European elections last spring lies in the fact that the far-right party managed to bring together xenophobia and social anxiety. This mixture seduced people deeply affected by unemployment, precarious living conditions, and lack of hope in the future.



Elisabeth Guigou

President of the Foreign Affairs Committee in the French National Assembly

Those voters have the impression of paying for mistakes made by the banks and by a financial system they see out of control. There is a very deep feeling of injustice between those who pay their taxes and those who evade them (both individuals and companies alike). This feeling is strengthened by the impression that the elites, and in particular the political class, are at best powerless to deal with the situation, and in the worst case, actually implicated.

This social distress and this exasperation demand a strong political response, particularly from EU policies. A renewed Europe of social progress can help us regain the trust of the people. They expect, rightly, that the European Union must tackle their daily concerns, and firstly youth unemployment. The fact that one-quarter of young Europeans are jobless is a real scandal.

Another priority should be putting an end to social dumping. How? Through creation of a minimum wage in each Member State of the European Union. Today, 21 of 28 member States have established a minimum wage, with very significant disparities (157€ per month in Romania, 1874€ in Luxembourg). There's a simple criterion that could be used for reducing the gap: let's set every minimum wage at 60% of the median wage in each country, a rate that could bring consensus. This will have the advantage of supporting economic activity across the European Union. It is urgent to sustain growth – especially through investments – to avoid the very real economic and political danger of a deflationary spiral.

Contrary to what the Europhobes keep saying, people do not want less Europe, but more and better Europe. The social dimension of the Union must be integrated into all common policies. A “Social clause” was established by Article 9 of what is now the Lisbon Treaty that governs the EU. It must be fully implemented. It took a lot of pugnacity for Laszlo Andor, Commissioner for Social Affairs, to succeed in reintroducing the Social Indicators, deleted by the José Manuel Barroso in the 2000’s. We must go further.

The progress of Social Europe must be accompanied by a better tax harmonisation. We have been waiting for too long. The fiscal union should not remain a utopia much longer. I remember François Mitterrand - 26 years ago in Evian! - offering Helmut Kohl a Tax harmonisation to prevent the revenues, particularly on savings, to escape taxation. For Europe, the scourge of fraud and tax evasion represents a shortfall of 1.000 billion euros per year. We cannot accept this situation while European people are redoubling their efforts and sacrifices to overcome the crisis.

Europe can embody a different model of world power. It can establish itself as an economic and social power based on sustainable development and the reduction of inequalities in Europe and worldwide. In these difficult times, Europe requires no less ambition.

WHY GLOBAL EUROPE MUST CHANGE IN AN "ANXIOUS AGE"

Federica Mogherini’s appointment as the new European Union foreign policy chief offers an opportunity for an overhaul of EU foreign and security policy. With many EU leaders, ministers and senior officials slow to respond to world events given Europe’s traditionally long summer break, the 2014 summer of death and violence has left the reputation of “Global Europe” in tatters, highlighting the EU’s apparent disconnect from the bleak reality surrounding it. When she takes charge in November along with other members of the new European Commission, led by Jean-Claude Juncker, Mogherini’s first priority must be to restore Europe’s credibility in an increasingly volatile and chaotic global landscape.



Shada Islam

Director of Policy at Friends of Europe

It cannot be business as usual. A strategic rethink of Europe’s global outreach is urgent. Europe can no longer pretend that it is not – or only mildly – shaken by events on its doorstep. In a world where many countries are wracked by war, terrorism and extremism, EU foreign policy cannot afford to be ad hoc, reactive and haphazard. Given their different national interests and histories, European governments are unlikely to ever speak with “one voice” on foreign policy. But they can and should strive to share a coherent, common, strategic reflection and vision of Europe’s future in an uncertain and anxious world.

Changing gears is going to be tough. Many of Europe’s key beliefs in the use of soft power, a reliance on effective multilateralism, the rule of law and a liberal world order are being shredded by governments and non-state actors alike. With emerging nations, especially in Asia, gaining increased economic and political clout, Europe has been losing global power and influence for almost a decade. Despite pleas by NATO and the crisis in Ukraine, most European governments remain reluctant to increase military and defence spending. At the same time, the Eurozone crisis and Europe’s plodding economic recovery with unacceptably

high unemployment continue to erode public support for the EU both at home and abroad. Populist far-right and extreme-left groups in Europe – including in the European Parliament – preach a protectionist and inward-looking agenda. Most significantly, EU national governments are becoming ever greedier in seeking to renationalise important chunks of what is still called Europe’s “common foreign and security policy.”

To prove her critics wrong - and demonstrate foreign policy expertise and flair despite only a six-month stint as Italy’s foreign minister - Mogherini will have to hit the ground running. Her performance at the European Parliament on September 2, including an adamant rejection of charges of being “pro-Russian”, appears to have been impressive. Admirers point out that she is a hard-working team player, who reads her briefs carefully and speaks fluent English and French in addition to her native Italian. These qualities should stand her in good stead as she manages the unwieldy European External Action Service (EEAS), plays the role of vice president of the European Commission, chairs EU foreign ministerial meetings, chats up foreign counterparts and travels around the world while also – hopefully – spearheading a strategic review of Europe’s global interests and priorities.

The tasks ahead are certainly daunting. There is need for reflection and action on several fronts – all at the same time. Eleven years after the then EU High Representative Javier Solana drew up the much-lauded European Security Strategy (partially revised in 2008), Europe needs to reassess the regional and global security environment, reset its aims and ambitions and define a new agenda for action. But this much-needed policy overhaul to tackle new and evolving challenges must go hand-in-hand with quick fire-fighting measures to deal with immediate regional and global flashpoints.

The world in 2014 is complex and complicated, multi-polar, disorderly and unpredictable. Russia’s actions in Ukraine have up-ended the post-World War security order in Europe. The so-called “Islamic State” is spreading its hateful ideology through murder and assassination in Syria and Iraq, not too far from Europe’s borders. A fragile Middle East truce is no guarantee of real peace between Israelis and Palestinians. These and other complex problems require multi-faceted responses.

The days of one-size-fits-all foreign policy are well and truly over. In an inter-connected and interdependent world, foreign policy means working with friends but also with enemies, with like-minded nations and those which are non-like-minded, with competitors and allies. It’s fine to pay special attention to China, India and other headline-grabbing big countries but it could be self-defeating to ignore the significance and clout of Indonesia, Mexico and other middle or even small powers. Upgrading ties with the US remains crucial. While relations with states and governments are important they must go hand-in-hand with contacts with business leaders, civil society actors and young people. Finally, Europe needs to acquire a less simplistic and more sophisticated understanding of Islam and its Muslim neighbours, including Turkey, which has been left in uncertainty about EU membership for more than fifty years.

Europe’s response to the new world must include a smart mix of brain and brawn, soft and hard power, carrots and sticks. Isolation and sanctions can’t work on their own but neither can a foreign policy based only on feel-good incentives. The EU’s existing foreign policy tools need to be sharpened but European policymakers also need to sharpen and update their view of the world. Mogherini’s youth and hopefully fresh stance on some of these issues could be an asset in this exercise. Importantly, Mogherini must work in close cooperation and consultation with other EU institutions, including the European Parliament and especially the European Commission whose many departments, including enlargement issues, trade, humanitarian affairs, environment, energy and development are crucial components of Global Europe. The failure of synergies among Commission departments is believed to be at least partly responsible for the weaknesses of the EU’s “Neighbourhood Policy”. Also, a coherent EU foreign policy demands close coordination with EU capitals. Recent experience shows that, as in the case of negotiations with Iran, the EU is most effective when the foreign policy chief works in tandem with EU member states. Closer contacts with NATO will also be vital if Europe is to forge a credible strategy vis-à-vis Russia and Ukraine. Such cooperation is especially important if – as this article suggests – Mogherini embarks on a revamp of EU foreign and security policy.

An incomplete list of key issues which require closer scrutiny in the days and weeks ahead includes:

- EU policymakers need to rethink relations with Russia following the Ukraine crisis and Moscow's success in breaking down Europe's post-World War security order. This requires a careful evaluation of EU-Russia relations which goes beyond the current focus on sanctions but includes the EU's reliance on Russian oil and gas and the over-arching need to ensure immediate and long-term stability on Europe's eastern flank. A key question to reflect over is whether US-EU restrictive measures can be effective in a world where other countries – in Asia, Africa and Latin America – are ready and willing to move in to the much-coveted Russian market. Mogherini has previously raised eyebrows for allegedly being soft on Russia but she has since told Italy's *Corriere della Sera* that sanctions against Russia are necessary, adding at the European Parliament that Moscow is no longer an EU strategic partner. But even as sanctions are ratcheted up, is it in Europe's interest to isolate Russia – and should it even try? More immediately, will an EU-Russia summit go ahead as planned later this year or is there an interest in trying to re-establish a constructive conversation with Russia again?
- Events in Ukraine spotlight the failure of the EU's goal of creating a "ring" of stable and well-governed states around its border and the glaring need to jettison the Neighbourhood Policy in favour of a less-exclusive and fresh strategy for a diverse region where none of the states are ready for EU membership and where the EU wields only limited influence given its modest financial resources and the increasing presence and funding possibilities from not just Russia but also China.
- Europe's quasi silence over the summer's violent events in the Middle East has dented EU credibility in a region where it once enjoyed a certain degree of respect. The EU needs to regain its role as an important actor in any peace talks which follow the current Israel-Palestinian truce. While taking part in upcoming Gaza reconstruction talks, Mogherini and her team must also reflect on the long-term validity of a situation where EU-funded projects (the EU spends US\$600m on Gaza territories each year) are regularly reduced to rubble by Israeli military intervention.
- Even a more experienced foreign policy expert than Mogherini would find it difficult to hammer out an EU policy to stabilise Iraq and Syria in the face of the ruthless expansion of the "Islamic State". Much will also depend on whether US President Obama is really as determined as he claims to be in leading a regional and international coalition to beat back the terrorists. European nations certainly have the military capabilities—such as the EU battle groups—to contribute to military actions together with the US. But there is no certainty that they will find the required political will – and public support - to take such steps. In any case, the EU needs to hammer out a medium to long-term strategy for political, humanitarian and financial efforts to stabilise the devastated region.
- In addition – and in any case - the EU needs not only to avert any domestic terrorist threat posed by "foreign fighters" who return to Europe from the Middle-East but also enhance its knowledge of Islam, its different interpretations and variations, distinguishing not only - as hopefully they now do - between Shia and Sunni but also among the various, often quixotic and radical sects promoted by Saudi Arabia and Qatar. Mogherini's thesis on Islamic politics should help her to spearhead such a reflection.
- More importantly a closer dialogue is needed with Turkey. Ankara may have been accused of allowing foreign fighters easy transit routes to Syria but its knowledge of the region continues to be valuable. Encouraged by the recent erratic and often-authoritarian actions of now Turkish President Recep Tayyip Erdogan, the EU has let its relationship with Turkey fester for much too long. Even if membership negotiations remain erratic and certain European leaders send out contrary political messages, Europe must find a way to revitalise relations with this important country. A closer dialogue with Iran, once the nuclear issue is surmounted, will help. Indonesia, only now being considered an interesting partner for the EU, has arguable even more insights to offer.
- The focus on the eastern and southern borders will not be enough. Europe's hopes for being recognized as a valid and relevant global actor hinge on its relations with Asian nations, including China, India and Japan but also South Korea and the ten states in ASEAN (Association of Southeast Asian Nations). There is little the EU can do to directly tackle the so called "Asian paradox" whereby countries enmeshed in increasingly close economic networks are also embroiled in acrimonious territorial disputes. Mogherini

would be well-advised to maintain strong EU ties with both Beijing and Tokyo while continuing to press for an easing of tensions between the two Asian giants. EU support for South Korean President Park's North East Asia peace and cooperation initiative (NEAPCI) to build trust in the region should be considered. Disputes over history as well as maritime claims have meant that no Trilateral summit between the three countries since 2012. Mogherini could try and encourage the opening of a purposeful dialogue among the three nations, allowing stability to return to an economically prosperous but politically fragile area.

- Having injected new dynamism into its once lacklustre relationship with ASEAN over the last three years, the EU must not reduce its diplomatic and economic engagement with the region. This requires participation in all key ASEAN related events and a subtle but determined effort to become a member of the East Asia Summit, the region's increasingly important dialogue forum. The EU already participates in many of the East Asia Summit's activities through its cooperation with ASEAN in areas from economic and financial cooperation and environmental issues and disaster relief to education and research and technology.

Mogherini will not be able to do it on her own. Much will depend on the EEAS team she works with and the knowledge, expertise and passion her aides bring to their work. Team work and leadership, not micro-management, will be required.

With the crisis in Ukraine and the volatile and dangerous violence spreading through the Middle East, the EU needs to rethink its foreign and security policy, asking itself three key questions: can Europe's most-modern attachment to soft power, diplomacy and multilateralism, which have stood it well during the last decades, survive in an increasingly unstable and volatile world? How ready is the EU to forge a more muscular and interventionist approach? And can Europe make such a momentous policy U-turn at a time of falling European defence budgets and amid continuing public wariness of getting involved in foreign conflicts?

Putting these issues on the backburner is no longer an option. The change of guard in Brussels is the right moment to review and reconsider Europe's role in the world. Global Europe's disconnect needs to be tackled before it's too late.

EUROPE IS KILLING NATO

A Canadian one-time Prime Minister once said that, "NATO heads of state and of government meet only to go through the tedious motions of reading speeches, drafted by others, with the principal objective of not rocking the boat". Pretty much the same thing will be witnessed at this week's NATO summit in Wales, unless Europeans have a change of mind about their meagre defence budgets in this time of crisis.



Julian Lindley-French

Senior Fellow at the Institute for Statecraft in London, Director of Europa Analytica and Distinguished Visiting Research Fellow at the National Defense University in Washington DC

Leaders will indeed meet and certainly make big sounding noises about Readiness Action Plans, Open Doors and the like. 'Success' will of course be declared in Afghanistan, Russia will be 'warned' (again) about its aggression in Ukraine, the Americans will, as ever, complain about a lack of military burden-sharing and someone at some point will re-tell that horribly old joke about NATO-EU co-operation.

'Solidarity' and 'Strategy' will be the two words worn down into irrelevance by the time the Summit concludes as 'benchmarks' will be declared and 'watersheds' reached. Then the leaders will leave and return to the mini-theatre of their own immediate political realities in which NATO plays but a bit part. Once grand affairs there is something sadly formulaic these days about grand gatherings of the Alliance; small leaders failing to leave a big footprint on a large, global stage. Quite simply, North Americans and Europeans (and Europeans and Europeans) do not even agree about the nature of threat let alone the role and utility of military force therein.

And yet this is a big moment if for no other reason than the fact that most European leaders are in complete and utter denial about how fast the military balance of power is tipping away from NATO...and the consequences for Europe. The facts speak for themselves. According to Global Firepower China

grew its defence budget by 12.7% in 2013 the latest year-on-year double digit increase since 1989. Russia is now spending 20% of all public investment on defence and is spending some €591bn by 2020 to modernise its armed forces, a portion of which are today being used against Ukraine.

The bad news just goes on getting 'better'. According to US analyst Hans Binnendijk NATO is even finding it ever more difficult to work together due to differing levels of defence investment. Indeed, whilst the US invests roughly €76,000 per soldier per annum, Europeans on average invest only €18,000. Much of Europe's defence budget goes on personnel and pensions rather than equipment. The US invests over 40% of its defence budget on new equipment.

According to the Financial Times last year the Belgian Armed Forces invested 2.7% of an already laughably small defence budget. Indeed, Brussels would be better-advised to scrap the entire Belgian military and invest the money in education and healthcare so weak is Belgium's contribution to both NATO and EU security and defence efforts.

The best is left to last; according to IHS Janes thirteen of the world's top twenty defence-shredders can today be found in Europe. Since 2012 NATO Europe has cut budgets by €71bn. This is addition to the up to 30% defence cuts that took place between 2008 and 2012.

The usual 'guff' will be trotted out in Wales about NATO's demise being forever predicted but the 'bullet' being forever dodged. However, NATO looks increasingly like one of those old soldiers who never die but simply fade away and fade away fast. To paraphrase Winston Churchill, Wales may not mark the end of NATO nor even the end of NATO's beginning, but unless all of NATO's Europeans get defence-serious Wales could well mark the beginning of the end...yes really!

THE RIGHT KIND OF (GREEN) GROWTH

The challenges facing the new EU Commission are many and varied. But as regards growth policy in particular, they can be reduced to one simple formula: "Less Oettinger!"



Jürgen Trittin

former German Environment Minister (1998-2005) and currently a member of the German Bundestag for Alliance 90/The Greens

The outgoing German EU Energy Commissioner symbolises the path that the European Union should abandon immediately: there must be no going back to a fossil (or worse, nuclear) based energy and growth policy. Not only because fossil fuels are potentially finite; the fact that CO2 levels in the atmosphere are at their highest in 30 years, despite all the avowals to fight climate change and meet the 2°C target, must also give European industry cause for alarm.

The measures European industry and society as a whole will have to take to adapt to continued global warming will be highly costly if steps are not taken to slow the process down. And they will thus require growth rates that can no longer be achieved. The right path is therefore one that leads to green growth and severs the link between growth and resource use. The aim isn't zero growth or degrowth. The aim is growth that doesn't hack off the branch it is sitting on.

Material resources and the resilience of nature and the environment have their limits; the goods and services provided by the ecosystem are finite. That much is obvious. But whether the growth of GDP – the monetised sum of goods and services – has its limits, is a different question.

Could GDP potentially continue to grow without limit, while we cut back on the consumption of natural resources and materials and reduce environmentally harmful, climate damaging emissions? If the right choices are made, the answer is very likely yes. (Although let us be clear: GDP is not the right indicator for prosperity. Prosperity is not tied to GDP, neither directly nor inversely. But that's a separate issue.) The relevant question is not how much we produce, but how.

We have to sever the links between growth (measured by the operand GDP) and increased resource consumption. Our prevailing economic and social model requires constant growth. This need for growth drives political action and induces governments to promote growth even of an ecologically or socially harmful kind. However, it is possible to dismantle these structural dictates by undertaking political and economic reforms. So that's what we should do, and now.

In concrete terms, this means maximum severance with regard to energy supply – i.e. a complete shift to renewables. This is not only vital for climate policy reasons, but is also a genuine programme for growth. Talking like the European Commission has done to date, banking on squeezing out the last whiff of gas through fracking, pushes the stated climate targets yet further out of reach, extends our dependence on fossil fuels and thereby entrenches the self-destructive circularity of growth that feeds on its own roots.

Worse still, proponents of fracking totally overestimate the potential this technology has in Europe. Anyone who has accepted that natural resources are finite must, furthermore, champion resource efficiency and the recovery of materials. Recycling and life-cycle management are the alternative to a race for rare earths or metals, for example, they are the alternative to the harmful exploitation of nature, the resulting costs of which surpass any benefit. Nobody can afford simply to bury valuable raw materials in their entirety, as now happens in EU member state Romania – and that's not even thinking of the environmental damage done. Life-cycle management does not however start when a product reaches the end of its life. It must already be applied at the production stage. The European Commission could set tougher standards for that – if it manages to stand up to the lobbyists from the petrochemical, steel and metal industries.

Last but not least, reducing CO2 emissions is one of the main tasks for the new EU Commission. But here, too, it is to be feared that Europe will not meet its self-imposed targets. A sustainable growth strategy should include reducing CO2 emissions by at least 30% by 2020 and by at least 55% by 2030, as making energy savings of at least 40%, and increasing the proportion of renewable energy to at least 45%. Yes, disaster can be averted, if we pursue growth that does not destroy the resources it depends on.

ON EUROPE'S RETREATING UNION: DIAGNOSIS AND A PROPOSAL

The recent European Parliament elections simply confirmed that the inane handling of the Eurozone's inevitable crisis has caused an economic malaise which mutated into a crisis of legitimacy for the European Union.



Yanis Varoufakis

Professor of Economics at University of Athens and the Lyndon B. Johnson School of Public Affairs, University of Texas

- For four years now, Europe remains in denial that its monetary union's architecture was never equipped to survive a global financial crisis like that of 2008.
- For four years now, the Eurozone has been pampering over its deepening fault lines with toxic bailout loans for its insolvent member states and banking systems.
- We created the European Financial Stability Facility (EFSF) to tackle collapsing states, only to distill it into a Collateralised Debt Obligation (CDO)-like structure (so as to preserve the 'sacrosanct', but non-viable, principle of 'perfectly separable public debts') that rendered it utterly destabilising (thus causing Mr. Draghi to step in with his controversial Outright Monetary Transactions (OMT) programme).
- We created a 'Banking Union' in name in order to ensure that in substance our banking systems remain separate and highly dependent on our member states' quasi-insolvent governments, therefore reinforcing a crisis due to the death embrace between weak banks and fragile states.

Worst of all, Europe fiscally waterboards proud nations like Italy (allowing them to come up for air only briefly, before subjecting them to new self-defeating austerity) while its Central Bank fails to respect its own inflation target (of just below 2%).

In view of the above, no surprise that misanthropy is on the march.

Some argue in favour of an EU-wide federal democracy. Alas, this is not on the cards. Our European Union was designed as a bureaucratic technocracy that is essentially a democracy-free zone. While I hope and pray that Europe does become a fully fledged federal democracy, it is beyond doubt that it cannot do this in order to overcome its current malaise but only if it first overcomes its current malaise and regains the respect of its citizens.

To overcome the euro crisis, so as to give future Europeans a shot at creating a democratic United States of Europe, we need two things:

1. To redeploy sensibly and creatively existing European institutions, without any new Treaties or a fiscal union, so as to address head-on the four inter-related crises that are deconstructing Europe (i.e. banking, public debt, chronic underinvestment and the humanitarian crisis that four years of drift have spawned).
2. To minimise the discretionary, authoritarian power of the Berlin-Frankfurt-Brussels triangle upon our nations' struggling democracies.

Is it possible to combine these two tasks into a project of Decentralised Europeanisation? I think so. Indeed, together with Stuart Holland and James K. Galbraith we have outlined precisely how this road to recovery, at the economic, political and moral levels, can be attained. We call it a Modest Proposal for Overcoming the Eurozone Crisis (for a version in English, [click here](#). For the French edition, with a Preface from former Prime Minister Michel Rocard, see *Modeste proposition pour résoudre la crise de la zone euro*, Paris, Les Petits Matins, ISBN 978-2-36383-124-8)

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Pictures from the President's Dinner



Sylvie Goulard MEP, Committee on Economic and Monetary Affairs, Etienne Davignon, President of Friends of Europe, Mario Monti, former Italian Prime Minister and Viviane Reding MEP



Giles Merritt, Secretary General at Friends of Europe, Paul Taylor, European Affairs Editor at Thomson Reuters, Stephen Fidler, Brussels Editor at The Wall Street Journal and Nathalie Furrer, Friends of Europe Director



Androulla Vassiliou, Commissioner for Education, Culture, Multilingualism, Sport, Media and Youth, László Andor, European Commission, Geert Cami, Friends of Europe Co-Founder & Director, Jean-Marie Cohen, President Open Rome and Loic Frerejouand, Director, Health Policy at Sanofi Pasteur MSD

ANNEX I – List of discussants

Araldo Abruzzini, Secretary General, Association of European Chambers of Commerce & Industry (EUROCHAMBRES)

Joaquín Almunia, Vice President & Commissioner for Competition, European Commission

Natalia Alonso, Head of EU Advocacy Office, Oxfam International EU Advocacy Office

Edmond Alphandéry, Trustee, Friends of Europe *Les Amis de l'Europe*, Former French Economy Minister

Guido Axmann, Chief Executive Officer, THEMA 1

Dawood Azami, Presenter and Chief International Correspondent, BBC World Service, "40 under 40" Young European Leader

Alessandro Azzoni, Minister Plenipotentiary Director of PESC, PSDC Division, Ministry of Foreign Affairs, Italy

Enrique Barón Crespo, President, European Foundation for Information Society, Trustee of Friends of Europe, *Former European Parliament President*

Luc Bas, Director, International Union for Conservation of Nature (IUCN), European Union Representative Office

Antonella Battaglini, Executive Director, Renewables Grid Initiative

Carl Bildt, Trustee, Friends of Europe *Les Amis de l'Europe*, *Former UN Secretary General Special Representative for the Balkans, Former Swedish Prime Minister and Former Swedish Minister for Foreign Affairs*

Joachim Bitterlich, Trustee, Friends of Europe *Les Amis de l'Europe*, *Former Diplomatic Advisor to Helmut Kohl*

Sixtine Bouygues, Director for Strategy and Corporate Communication, European Commission: Directorate General for Communication

Ajay Bramdeo, Ambassador, Permanent Representation of the African Union to the EU

Martin Brough, Director, Utilities Research, Deutsche Bank

Guenter Burghardt, Senior Counsel, Mayer Brown Int. LLP, Trustee of Friends of Europe, *Former EU Ambassador to the USA*

Chris Burns, Media Director, Friends of Europe *Les Amis de l'Europe*

Malcolm Byrne, Head of Communications, Higher Education Authority, Ireland, Award Winning Journalist, "40 under 40" Young European Leader

Geert Cami, Co-Founder & Director, Friends of Europe *Les Amis de l'Europe*

Kim Chang Beom, Ambassador, Mission of South Korea to the EU

Vladimir Chizhov, Ambassador, Mission of the Russian Federation to the EU, *Former Russian Foreign Affairs Deputy Minister*

Evy Christofilopoulou, Deputy Minister, Ministry of Administrative Reform and e-Governance, Greece, Directorate General of Administrative Modernisation

Ingrida Circene, Member, Political Party Unity

Richard Corbett, Member, European Parliament: Committee on Constitutional Affairs

Cristian Cosmin, State Secretary, Ministry of Youth and Sports, Romania

Robert Cox, Trustee, Friends of Europe *Les Amis de l'Europe*, *Former European Commission Representative to Turkey*

Alberto Cutillo, Minister Plenipotentiary and Deputy Director for EU Integration, Ministry of Foreign Affairs, Italy

Daniel Daianu, Member of the Board, National Bank of Romania, Trustee of Friends of Europe, *Former Romanian Finance Minister, Former Member of the European Parliament*

Etienne Davignon, President, Friends of Europe *Les Amis de l'Europe*, *Belgian Minister of State, Former European Commission Vice President*

Philippe De Buck, *Former Director General, BusinessEurope*

Jaap de Hoop Scheffer, Co-president, Security & Defence Agenda (SDA), *Former NATO Secretary General*

Jeffrey De Wolf, Deputy General Manager, Huawei Technologies

Jaap de Zwaan, Professor of European Union Law, Erasmus University

Mady Delvaux-Stehres, Vice-Chair, European Parliament: Committee on Legal Affairs

Nikola Dimitrov, Distinguished Fellow, Hague Institute for Global Justice

Valdis Dombrovskis, Vice President and Commissioner for Euro and Social Dialogue, European Commission, Former Latvian Prime Minister

Petr Drulák, First Deputy Minister, Ministry of Foreign Affairs, Czech Republic

James Elles, Chairman, Management Committee, Transatlantic Policy Network (TPN)

Stephen Fidler, Brussels Editor, The Wall Street Journal Europe

Mary Fitzgerald, Award-winning Journalist and Foreign Affairs Correspondent, The Irish Times, "40 under 40" Young European Leader

Nathalie Furrer, Director, Friends of Europe *Les Amis de l'Europe*

Michael Gahler, Member, European Parliament: Committee on Security and Defence

Christophe Garach, Editor-in-Chief, Europolitics

Jean-Michel Glachant, Director of the Florence School of Regulation and Director of Loyola de Palacio Energy Policy Programme, European University Institute, Florence School of Regulation

Ana Gomes, Member, European Parliament: Committee on Civil Liberties, Justice and Home Affairs

Gie Goris, Editor-in-Chief, MO*

Sylvie Goulard, Member, European Parliament: Committee on Economic and Monetary Affairs

Heather Grabbe, Director, Open Society European Policy Institute

Jan Grauls, Senior Advisor, Ernst & Young

Ulrike Guérot, Director, European School of Governance (EUSG)

Georg Häusler, Head of Cabinet, European

Commission: Cabinet of EU Commissioner for Agriculture & Rural Development Dacian Cioloș

Reiner Hoffmann, President, Deutscher Gewerkschaftsbund (DGB), German Confederation of Trade Unions

Sergei Ignatov, Head of BIE, New Bulgarian University, Department of Mediterranean and Eastern Studies

Luigi Ippolito, Foreign Affairs Editor, Corriere della Sera

Shada Islam, Director of Policy, Friends of Europe *Les Amis de l'Europe*

Viorel Isticioaia Budura, Managing Director, European External Action Service (EEAS), Directorate for Asia and the Pacific

Baron Daniel Janssen, Trustee, Friends of Europe, *Les Amis de l'Europe*, Former Chairman of the Solvay Board of Directors

Danuta Jazłowiecka, Vice-Chair, European Parliament: Committee on Employment and Social Affairs

Ben Judah, Visiting Fellow, European Stability Initiative (ESI)

Zanda Kalnina-Lukaševica, Chair, National Parliament, Latvia, Committee on European Affairs

Sony Kapoor, Managing Director, Re-Define, "40 under 40" Young European Leader

Afzal Khan, Vice Chair, European Parliament: Committee on Security and Defence

Daniel Koštoval, State Secretary, Ministry of Defence, Czech Republic

Jean-Paul Kress, President & Chief Executive Officer, Sanofi Pasteur MSD

Michael Kuhndt, Director, Collaborating Centre on Sustainable Consumption and Production (CSCP)

Yann Le Cam, Chief Executive Officer, European Organisation for Rare Diseases (EURORDIS)

Tony Long, Director, WWF, European Policy Office

Philip Lowe, Non-Executive Director, Competition and Markets Authority (CMA), Department for Business, Innovation and Skills (BIS), United Kingdom

Bruno Maçães, Secretary of State for European

Affairs, Ministry of Foreign Affairs, Portugal

Anne Macey, Delegate general, Confrontations Europe

Viktors Makarovs, Parliamentary Secretary, Ministry of Foreign Affairs, Latvia

Michel Martone, Professor of Law, Teramo University, Former Italian Deputy Minister for Labour and Welfare, "40 under 40" Young European Leader

Anders Marvik, Vice President and Head of EU affairs, Statoil

Pauline Massart, Deputy Director, Security & Defence Agenda (SDA)

Predrag Matic, Minister of Veteran Affairs, Ministry of Family, Veterans' Affairs, Croatia

Charlotte McDonald-Gibson, Brussels Correspondent, The Independent

Juan Menéndez-Valdés, Director, European Foundation for the Improvement of Working and Living Conditions, (Eurofound)

Giles Merritt, Secretary General, Friends of Europe *Les Amis de l'Europe*

Adolfo Mesquita Nunes, Secretary of State for Tourism, Ministry of Economy and Employment, Portugal, "40 under 40" Young European Leader

Stefano Micossi, Director General, Assonime, Trustee of Friends of Europe, Former European Commission Director General for Industry

Mario Monti, Senator, Senate, Italy, Trustee of Friends of Europe, Former Italian Prime Minister

Rhodri Morgan, Chancellor, Swansea University, Former First Minister for Wales

Chris Morris, Europe Correspondent, BBC News

Lirim Muharemi, Chairman, Lightbringer Foundation

Jovita Neliupšienė, Chief Adviser to the President, Office of the President, Lithuania

Antal Nikolett, Deputy State Secretary for External Economic Relations, Ministry for National Economy, Hungary

Arif Havas Oegroseno, Ambassador, Mission of Indonesia to the EU

Eng Chuan Ong, Ambassador, Mission of Singapore to the EU

Fiorella Padoa-Schioppa Kostoris, Professor of

Economics, Università degli Studi di Roma "La Sapienza"

Yannos Papantoniou, President, Centre for Progressive Policy Research, Former Greek Economy, Finance and Defence Minister

Marco Peronaci, Deputy Permanent Representative, Permanent Representation of Italy to the EU

Georgi Pirinski, Member, European Parliament: Committee on Budgetary Control, Former Chairman of the National Assembly of Bulgaria

David Plunkett, Ambassador, Mission of Canada to the EU

Janez Potocnik, Commissioner for Environment, European Commission

Xavier Prats Monné, Director General, European Commission: Directorate General for Education and Culture

Remus Pricopie, Minister, Ministry of Education, Romania

Manjeev Singh Puri, Ambassador, Mission of India to the EU

Mujtaba Rahman, Practice Head & Director, Europe, Eurasia Group

Andrea Rappagliosi, President of Vaccines Europe & Vice President Market Access, Health Policy and Medical Affairs, Sanofi Pasteur MSD

Martine Reicherts, Commissioner for Justice, Fundamental Rights & Citizenship, European Commission

Conny Reuter, Secretary General, Solidar

Thomas Reynaert, President Europe, United Technologies Corporation (UTC)

Koos Richelle, Former European Commission Director General

James Rubin, Scholar in Residence, Rothermere American Institute, Oxford, Former US Assistant Secretary of State

Marjut Santoni, Deputy Chief Executive, European Investment Fund

Pedro Silva Pereira, Vice-Chair, European Parliament: Committee on Constitutional Affairs

Pedro Solbes Mira, President, Fundacion para las

Relaciones Internacionales y el Dialogo Exterior (FRIDE), Former Spanish Second Vice President and Minister of Economy

Igor Soltes, Vice-Chair, European Parliament: Committee on Budgetary Control

Gerhard Spörl, Head of Foreign Desk, Der Spiegel

Farid Tabarki, Founder and Director, Studio Zeitgeist, "40 under 40" Young European Leader

Paul Taylor, European Affairs Editor, Thomson Reuters

Anna Terrón Cusí, Special Representative and Spokesperson, Secretariat of the Union for the Mediterranean, *Former Spanish Secretary of State for Migration*

Bruno Tobback, Chairman, Socialistische Partij (SP.A) Belgium, *Former Belgian Environment and Pensions Minister*

Ian Traynor, European Editor, The Guardian

Žiga Turk, Professor, University of Ljubljana, Faculty of Civil and Geodetic Engineering, *Former Secretary General of the Reflection Group on the Future of the EU*

Philippe Van Parijs, Professor, Université Catholique de Louvain (UCL)

John Vassallo, Senior Strategic Adviser, Microsoft

Androulla Vassiliou, Commissioner for Education, Culture, Multilingualism, Sport, Media and Youth, European Commission

Wouter Verschelden, Founder & publisher, NewsMonkey, "40 under 40" Young European Leader

Roland Verstappen, Global Director Public & Government Affairs, Heineken International

Daniela Vincenti, Editor in Chief, EurActiv.com

Vangelis Vitalis, Ambassador, Mission of New Zealand to the EU

Axel Voss, Vice-Chair, European Parliament: Committee on Legal Affairs

Ivan Vrdoljak, Minister, Ministry of Economy, Croatia

Rob Wainwright, Director, European Police Office (Europol)

Veronika Wand-Danielsson, Ambassador, Embassy of Sweden to France

Jeremy Wates, Secretary General, European

Environmental Bureau (EEB/BEE)

Katherine Watson, Director, European Cultural Foundation (ECF)

Stefani Weiss, Director, Programme Europe's Future, Bertelsmann Stiftung

Simon Wilson, Editor, Europe Bureau, BBC News

Iuliu Winkler, Vice-Chair, European Parliament: Committee on International Trade

Aiichiro Yamamoto, Associate Fellow & Representative of JICA to the EU, Friends of Europe *Les Amis de l'Europe*, Principal Representative to the EU for the Japan International Cooperation Agency (JICA)

Selim Yenel, Ambassador, Permanent Delegation of Turkey to the EU

George Zavvos, Legal Adviser, European Commission: Legal Service

ANNEX II – Programme

SESSION I

The challenges ahead

It's going to be a challenging five years - and Jean-Claude Juncker and his new European Commission team have their work cut out for them. Strong leadership will be required from the Commission but also from Donald Tusk, the new President of the European Council. The European Parliament will be a key player but much will also depend on the policies and actions of EU member states. Europe's politicians have so far done a poor job of engaging citizens and listening to their fears and concerns. What are the key tasks and challenges ahead for Europe's new leaders? Six months after many disaffected Europeans threw their weight behind populist, Far Right anti-EU parties, is there an EU-wide consensus on overhauling and re-orienting policies to tackle citizens' priorities? Is the EU ready to put growth and jobs at the centre of a new agenda, replacing the focus on austerity? Will there be a new push towards a full EU banking union, with centralised supervision? Can there be a balancing of powers between EU and national authorities? How can a better job be done developing a credible, positive and relevant narrative for Europe to counter the simplistic and toxic anti-EU message of the populist and anti-European parties?

CHAIRMAN OF THE DAY: **Viscount Etienne Davignon**, President of Friends of Europe, Minister of State and former Vice President of the European Commission

CO-CHAIR: **Mario Monti**, Senator, Former Italian Prime Minister and Trustee of Friends of Europe

INTRODUCTORY DISCUSSANTS:

Bruno Maçães

Portuguese Secretary of State for European Affairs

Ulrike Guérot

Director of the European School of Governance (EUSG)

MODERATED BY **Shada Islam**, Director of Policy at Friends of Europe

SESSION II
Competitive Europe: Staying ahead of the game

Europe's manufacturing and service sectors face growing competition. Keeping ahead of the game requires that European policies focus on investing in people by improving workforce skills, opening up to innovation and investing in new technologies. What should the new EU team do to revive and repackage the competitiveness drive? What steps are being taken to complete the single market, especially in services? In the context of constraints for health budget, is there a risk that this sector loses attractiveness and that the European industry research and leadership may be weakened? What role can the "digital economy" play in boosting EU competitiveness? Will the signing of free trade and investment partnership agreements with the United States, Japan and possibly, China bolster Europe's competitive edge? How best can the EU reconcile its skills shortages and economic need for immigration with the tough anti-foreigner and xenophobic message of the Far Right groups?

CO-CHAIR BY **Joaquín Almunia** Vice-President of the European Commission and EU Commissioner for Competition

INTRODUCTORY DISCUSSANTS BY:

Jean-Paul Kress President and Chief Executive Officer of Sanofi Pasteur MSD

Valdis Dombrovskis Vice-President designate for the Euro and Social Dialogue, European Commission, former Latvian Primer Minister

MODERATED BY **Giles Merritt**, Secretary General of Friends of Europe

SESSION III
Sustainable policies: Greening Europe

Governments across the world face the challenge of integrating environmentally sustainable and resource efficient policies with economic growth and social welfare. EU leaders have confirmed that "sustainable development remains a fundamental objective of the European Union" but a number of unsustainable trends are impacting negatively on the EU's green growth goals and require urgent action: additional efforts are needed to curb and adapt to climate change, to decrease high energy consumption in the transport sector and to reverse the current loss of biodiversity and natural resources. What should be the key green growth priorities for the new EU team? Is the shift to a safe and sustainable low-carbon and low-input economy losing momentum? What is being done to promote sustainable consumption and production, for instance by encouraging moves towards a circular economy?

CO-CHAIR BY **Sony Kapoor**, Managing Director of Re-Define and Trustee of Friends of Europe

INTRODUCTORY DISCUSSANT BY:

Janez Potocnik EU Commissioner for the Environment

MODERATED BY **Chris Burns**, Editor-Media Director at Friends of Europe

SESSION IV

Social Europe: Putting citizens at the heart of Europe

The recent focus on austerity policies has done much to eclipse the emphasis on progressive social policies that were a feature of the “Delors decade” at the end of the 1990s. But stubbornly high youth unemployment throughout the EU, reaching crisis levels in southern member states, coupled with the alarming implications of an ageing and shrinking population as well as rising unease about labour immigration, is putting Social Europe back near the top of the political agenda. Should the new EU leaders tackle head on the goal of a European Social Union or is that an idealistic bridge too far? How can recent European Commission proposals on tackling the social dimension of the Eurozone crisis be improved? What are the key concerns of European young people and how can they be tackled?

CO-CHAIR BY [Sylvie Goulard](#), Member of the European Parliament and Trustee of Friends of Europe

INTRODUCTORY DISCUSSANT BY:

[Reiner Hoffmann](#) President of Deutscher Gewerkschaftsbund (DGB),
German Confederation of Trade Unions

MODERATED BY [Giles Merritt](#), Secretary General of Friends of Europe

SESSION III

Rebuilding credibility and rebooting security:
Making Europe matter again

The incoming EU foreign policy chief Federica Mogherini faces tough challenges. Europe's global role and reputation have taken a battering following the Eurozone crisis, disarray over the Ukraine conflict and discordant responses to the Arab awakening and the rise of the so-called "Islamic State". Meanwhile Russia's annexation of Crimea and destabilisation of Eastern Ukraine have brusquely up-ended the post-Cold War order. As the US retreats as the world's super power, is Europe ready to take on more international responsibilities? Are Europe's experiences in peace-building and crisis management relevant in an increasingly volatile world? Is the EU equipped to deal with the rise of Islamic extremism and terrorism on its southern borders? What needs to be done to re-energise EU relations with its eastern neighbours? Will tensions with Russia lead European governments to spend more on defence and take measures to improve capabilities and cooperation? What is the outlook for a genuine dovetailing of EU and NATO efforts after a decade of promises without much substance? Will the EU be able to pursue a common energy policy and reduce reliance on Russian oil and gas?

CO-CHAIRS BY [Jaap de Hoop Scheffer](#), Former NATO Secretary General, Co-President of the Security and Defence Agenda, Trustee of Friends of Europe and [Ana Terrón](#), Special Representative of the Secretariat of the Union for the Mediterranean, *former Spanish Secretary of State for Migration* and Trustee of Friends of Europe

INTRODUCTORY DISCUSSANTS BY:

[Ben Judah](#) Visiting Fellow at the European Stability Initiative
and author of “Fragile Empire”

[James Rubin](#) Scholar in Residence at the Rothermere American
Institute, Oxford and former US assistant
Secretary of State

[Mary Fitzgerald](#) Irish Times award-winning foreign affairs
correspondent and European
Young Leader “40 under 40”

MODERATED BY [Shada Islam](#), Director of Policy at Friends of Europe

ANNEX III – List of observers

(For the List of Discussants see page 65)

Marika Andersen, EU Policy & Communication Adviser, Belona Europa
Antoaneta Angelova-Krasteva, Head of Unit, Stakeholders, European Commission: Directorate General for Communications Networks, Content and Technology
Norbert Baas, Professor, Member of the Advisory Board, Swiss German University
Erisa Bajaziti, Co-founder, Orchid Media
Rosário Bento Pais, Head of Unit, Adaptation, European Commission: Directorate General for Climate Action
Klaus Berend, Head of Unit, REACH, European Commission: Directorate General for Enterprise and Industry
Nika Blažević, Adviser to the Minister, Ministry of Family, Veterans' Affairs, Croatia
Gregor Boltar, Counselor to the Chairman, Lightbringer Foundation
Rachel Bonfante, Manager EU Affairs, Chevron
Claire Boussagol, Managing Director, APCO Worldwide Brussels Office
Roger Braem, Former Founder, Fimacon
David Bushong, Independent Consultant, Governance Communications and Management Consulting (GCMC)
Maria Castillo Fernandez, Head of Division, India, Nepal, Bhutan, European External Action Service (EEAS)
Leo Cendrowicz, Brussels Correspondent, The Independent
Bratislav Ceperkovic, Special Adviser to the First Deputy Prime Minister for EU Integration and Foreign Affairs, Government of Serbia, Office for European Integration
Chulamane Chartsuwan, Minister and Deputy Chief of Mission, Mission of Thailand to the EU
Alice Choi, Deputy Representative, Hong Kong Economic and Trade Office
Jean-Marie Cohen, President, Open Rome
Vincenzo Conforti, European Government Affairs Manager, ENI, Relations with European Institutions
Marjolein Cremer, Advocacy Officer, European Cultural Foundation (ECF)
Oliver Cusworth, NGO Relations, Civil Society Unit, European Investment Bank (EIB)
Darko Dalan, Member of the board of Directors, Lightbringer Foundation
Stanislav Daskalov, Head of the Brussels Liaison Office, Regional Cooperation Council
Chiara De Felice, Economics Correspondent, ANSA (Italian News Agency)
Elinor de Pret, Public Affairs Manager, European Venture Philanthropy Association (EVPA)
Jean De Ruyt, Senior European Policy Adviser, Covington & Burling, Special Advisor to Catherine Ashton
Claire Dié, Assistant to Marielle de Sarnez, European Parliament
Rizal Djaafara, Chief Representative, Central Bank of Indonesia, Representative Office for Europe

Carl Dolan, Director, Transparency International EU Office, Liaison Office to the EU
Marijn Duijvestein, Project Manager, Mostra Communications, Media Relations Department
Dimitri Duong, Welcome Office Manager ASEAN, Wallonia Export-Investment Agency (AWEX)
Jordan Erzen, Chief Financial Officer, Lightbringer Foundation
Elena Flores Gual, Director, Policy Strategy and Coordination, European Commission: Directorate General for Economic and Financial Affairs
Marko Fojkar, Advisor to Chairman, Lightbringer Foundation
Yun Chee Foo, Senior Competition Correspondent, Thomson Reuters
Sina Frank, Head of the President's Office, Deutscher Gewerkschaftsbund (DGB), German Confederation of Trade Unions
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