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# ANNUAL REPORT

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# 2017

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**BRUEGEL ANNUAL REPORT 2017**

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This publication is published under the editorial responsibility of Guntram Wolff, director of Bruegel.

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WE WILL CONTINUE TO ENGAGE IN ALL THESE DISCUSSIONS, BRINGING EVIDENCE-BASED ANALYSIS THAT INFORMS AND EXPLAINS WITH THE AIM OF PROMOTING OUTCOMES THAT ARE SUSTAINABLE AND EQUITABLE.

*Jean-Claude Trichet*  
Chairman of the Board

# A YEAR OF LOOKING BACK IN ORDER TO MOVE FORWARD



*by Jean-Claude Trichet,  
Chairman of the Board*

In 2017 we celebrated 60 years since the signing of the Treaty of Rome. The European project has expanded to many more countries since the original six. 60 years ago, twenty-seven members, including many Central and Eastern European countries, would have appeared as a marvellous dream.

Still the European challenges on the global stage remain formidable. As the global powers are shifting, Europe continues to advocate firmly for the legitimacy of the multilateral system. This year we have published an important study on the EU-China relationship. We discussed issues ranging from access to markets and reciprocity questions to cooperation on climate change. We concluded that we all share responsibility in upholding the rules-based multilateral global relationships. Promoting resilience in such ways was also the content of the IMF's Managing Director Christine Lagarde curtain raiser speech that we hosted at Bruegel ahead of the IMF-World Bank Spring meetings.

As we move forward, I can hardly think of an institution better placed than Bruegel to advance the debate on the challenges

that we face, how to complete the euro area architecture, how to strategically react to looming trade wars and how to preserve the multilateral system. We will continue to engage in all these discussions, bringing evidence-based analysis that informs and explains with the aim of promoting outcomes that are sustainable and equitable.

Bruegel is established as a highly professional, independent, transparent and fact-based think tank that is non-partisan in policy discussions. We are determined to preserve our impartiality as we approach this year's policy challenges.

Let me finish with a few words of appreciation. On behalf of all the board members, I would like to recognise the extremely valuable support of our members, friends and partners who have helped Bruegel become a world class institution. Lastly, let me thank all Bruegel scholars, the entire team and Bruegel's director and deputy director, whose dedication have led to our institution being voted the 2nd best managed think-tank in the world, the 2nd best in international economics in the world and the 2nd think tank in the world (non-US) in the University of Pennsylvania's Global GoTo Think Tank Index.



POLICY MAKERS  
SHOULD NOT  
THINK THAT  
GOOD CURRENT  
ECONOMIC DATA  
MEANS THAT NO  
FURTHER REFORM IS  
NEEDED.

*Guntram B. Wolff,*  
Director of Bruegel

# INACTION REDUCES FUTURE CHOICES FOR EUROPE



*by Guntram B. Wolff  
Director of Bruegel*

The year 2017 was a good one for the European economy. The EU created around 3.7 million jobs. Growth numbers were revised upwards. Yet, these good numbers should not give rise to complacency. On the contrary, inaction itself risks leaving a number of key challenges to the side – with possibly significant negative long-term side effects. Complacency now narrows choices tomorrow.

We warned in early 2017 that the global multilateral order will be seriously challenged. As we write these lines in 2018, the trade conflict between the US, China and the EU is escalating with an uncertain development. It is clear that the EU is vulnerable to both: US mercantilism and an increasingly assertive China. Europe needs not only to collaborate with allies but also adjust its domestic policies and prioritise growth and innovation while safeguarding its social models. The euro area remains, despite its significant reforms, a construction more prone to crisis than single-country currencies. Policy makers should not think that good current economic data means that no further reform is needed. Banking union remains incomplete, capital markets fragmented and fiscal rules imperfect to name just some of the significant

construction sites. The key here is to prioritise and make concrete progress.

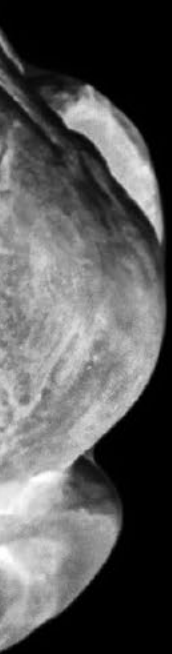
Europe continues to have relatively low productivity growth and substantial structural weaknesses in a number of countries. There is a need to work on how artificial intelligence, robots and digital platforms transform our economies, create opportunities, give rise to distributional challenges and challenge the nature of work so that we can employ them for the good of the many. We are also in need to speed up our work on making the energy transformation a success for our citizens.

Let me finally mention migration. Immigration represents opportunities but gives also rise to major uncertainties and societal challenges. Also here, Bruegel has been and will be leaving its mark.

As the European Union is gradually moving into electoral mode for the 2019 elections of the European Parliament, please count on the entire Bruegel team to continue providing you with rigorous analysis, open debate and new ideas. Let me thank you for your support. I can assure you that we remain committed to improving economic policy with contributions based on facts and sincerity.







# ANATOMY

BRUEGEL  
AT A GLANCE

ANATOMY OF A THINK TANK

A WINDOW ON TRANSPARENCY

BRUEEGEL'S COMMITMENT TO GENDER BALANCE

A NETWORK OF TALENTS

STAFF LIST

# ANATOMY OF A THINK TANK

## EVIDENCE-BASED POLICY RECOMMENDATIONS

Bruegel scholars use data-driven analysis based on rigorous applications of theory to assess economic processes, discuss policy options and make proposals. We keep an eye on their feasibility but we do not limit our interventions by political red lines. Bruegel does not stand for any particular policy doctrine or political dogma.

## CONNECTING RESEARCH, GOVERNMENT, BUSINESS AND CIVIL SOCIETY

Bruegel provides a forum for informed policy discussions between individuals from diverse backgrounds and sectors through publications, events, social media and its blog. Bruegel also cooperates with leading European and international research institutions on specific research projects or exchange programmes.

## DEMAND-DRIVEN QUESTIONS; INDEPENDENT ANSWERS

Bruegel's researchers and diverse stakeholders, including members, collaboratively design the research programme. The board takes the final decision on the research programme based on a proposal by the director and deputy director. Once a topic or question is chosen, the research team work independently. All publications are released under the signature of their authors. Bruegel takes no institutional standpoint. The director exercises editorial oversight and quality control.

## EUROPEAN IDENTITY, OUTWARD FACING

Bruegel scholars address policy areas relevant to individual countries, the European Union, global governance groups and international organisations. Interactions with decision-makers take place at every governance level and in many parts of the world.

# A WINDOW ON TRANSPARENCY

*Independence and integrity are essential for the credibility of any think tank. Transparify, an independent NGO, has repeatedly awarded Bruegel five stars out of five for transparency, recognising its openness about financing and governance. However, transparency is about more than just money.*

## RESEARCH INTEGRITY

Bruegel's statement on research integrity, adopted by the board in May 2006, is available on our website. The statement sets out rules for the avoidance of political, national or commercial conflicts of interest, which could harm the integrity of Bruegel's research. It helps staff and scholars avoid capture by any particular interests. Bruegel researchers and senior staff promise to abide by this statement when they sign contracts with Bruegel.

## EVALUATION REPORT

Every three years the scientific council delivers an evaluation report on the academic value of Bruegel's publications. This report informs the research strategy and serves as a basis for the work of the review task force, an independent group appointed by members every three years to evaluate all aspects of Bruegel's work, from research to management.

## PUBLIC DECLARATIONS

Scholars and managers also make an annual declaration of outside interests, which is available on the Bruegel website. These interests are not just financial: it is important for readers to be aware of other potential influences on a scholar's work. These public declarations are extensive in the areas they cover and represent the highest standard in public transparency for think tanks.

## FINANCIAL STATEMENTS

Finally, Bruegel's commitment to transparency means that we publish detailed financial statements every year (see page xx). Our accounts are independently audited. We detail the origin of every cent of income, and we also report spending along nine spending lines. The financial statements clearly show what every member contributed in any given year, a level of transparency that is rare in our sector. State members of Bruegel also have the right to audit Bruegel at any time.

# STRUCTURAL DETERMINANTS OF INEQUALITY



bruegelannualmeetings

# BRUEGEL'S COMMITMENT TO **GENDER BALANCE**

*Over the past few years, we have made concerted efforts to increase our internal gender balance policies. It is a gradual change that requires time and, while much more needs to be done, we believe that small steps and changes can contribute to bringing more equal participation by women and men at all levels of an organisation.*

Following recommendations from the Review TaskForce (2016) and from Bruegel members and stakeholders, we took steps to improve the gender representation among Bruegel staff and governing bodies. Since 2016, female representation has increased from 25% to 40% on the Bruegel management team; from 18% to 36% on the Bruegel board; and from 12.5% to 37.5% on the Bruegel scientific council.

In 2013, the female/male ratio of speakers at all Bruegel events was 10%. In 2017 the ratio had risen to 24%. As an example, in 2012 our Annual Meetings – Bruegel's flagship conference – featured no female speakers, while in 2017 28% of the panellists were women.

Key to this improvement was the collection of data and the implementation of a system of speaker tracking. We constantly monitor

gender balance and share these with Bruegel staff, who have gradually become more involved.

This was also made possible by the awareness created by The Brussels Binder ([www.brusselsbinder.org](http://www.brusselsbinder.org)), a database of female experts aiming to improve diversity in panels, co-founded by a group of women in Brussels based think tanks, including Bruegel.

While our operational team is balanced (50% are women), we are struggling to increase gender diversity in our research staff, where women represent only 18% of our scholars. We are keen to improve this, but are also limited by the small pool of female professors in top European Universities from which to draw.

# A NETWORK OF TALENTS

The team includes **senior fellows and non-resident fellows, research fellows and affiliate fellows**. Research fellows have several years of professional experience while senior fellows as well as non-resident fellows are highly recognized scholars with usually significant experience in policy making. Affiliate fellows are typically younger scholars still working on their PhDs.

Bruegel strives for a geographically diverse team. **Visiting fellows** add to this diversity, coming from internationally recognised institutes to stay at Bruegel temporarily to conduct research work.

Fellows rely on a team of **research assistants and research interns** whose skills and commitment are gratefully acknowledged.

A dedicated **non-research team** is responsible for the daily management, outreach and development of the organisation.

# RESEARCH TEAM

*Bruegel relies on a research team that is both international and diverse in its expertise.*



## JOCHEN ANDRITZKY

VISITING FELLOW (AS OF MAY 2018)



Jochen was the Secretary General of the German Council of Economic Experts from June 2015 to April 2018. Before joining the Council, he served at the International Monetary Fund (IMF) in Washington DC for nine years where he worked on the euro area crisis, among other topics. From 2008 to 2010 he was seconded as adviser to the National Bank of Ukraine in Kiev. He obtained degrees in economics and politics from the University of St. Gallen, Switzerland. Following a visiting scholarship at the University of California UCSC, he completed his dissertation on debt crises at the University of St. Gallen in 2006.

## RENÉ ARNOLD

NON-RESIDENT FELLOW (AS OF MAY 2018)



René Arnold is a Non-Resident Fellow at Bruegel. Since 2013, he is Head of Department "Markets and Perspectives" at WIK Consult in Bad Honnef, Germany. He holds a PhD in Consumer Behaviour from the University of Edinburgh and has previously worked at the Cologne Institute for Economic Research. Throughout his career, he has advocated an evidence-based behavioural approach to policy and economic issues revolving around the use of ICT and digitization. He has served in various roles advising the ITU as well as various European and national institutions.

## UURIINTUYA BATSAIKHAN

AFFILIATE FELLOW (UNTILL AUGUST 2017)



Uuriintuya's research interests include macroeconomics, banking and monetary policy, access to finance of SMEs and political economy of emerging countries. She has a master's degree from Central European University (CEU) in Budapest and a master of public policy specialising in political economy, economic institutions and monetary policy from Hertie School of Governance in Berlin. Prior to joining Bruegel, she worked at UNDP in Mongolia and the German Institute for Economic Research in Berlin.

## AGNES BENASSY-QUÉRÉ

NON-RESIDENT FELLOW (AS OF MAY 2018)



Agnès is a Professor at the Paris School of Economics - University of Paris 1 Panthéon Sorbonne. Until Dec. 2017, she also served as the Chair of the French Council of economic analysis. She is a Member of the French macro-prudential authority and of the Banque de France's Board. She is a former columnist at France Culture. Her research interests focus on the international monetary system and European macroeconomic policy.

## GRÉGORY CLAEYS

RESEARCH FELLOW



Grégory's research interests include international macroeconomics and finance, central banking and European governance. From 2006 to 2009 Grégory worked as an economist in the research department of the French bank Crédit Agricole. Grégory is an associate professor at the Conservatoire National des Arts et Métiers in Paris where he teaches macroeconomics. He previously taught undergraduate macroeconomics at Sciences Po in Paris. He holds a PhD in economics from the European University Institute (Florence), an MSc in economics from Paris X University and an MSc in management from HEC (Paris).

## MAREK DABROWSKI

NON-RESIDENT FELLOW



Marek focuses on economic reforms and prospects in Russia, Ukraine and central Europe. He is a professor at the Higher School of Economics in Moscow and was a fellow under the 2014-2015 fellowship initiative of the European Commission. He was previously first deputy minister of finance of Poland, a member of the Polish Parliament and a member of the Monetary Policy Council of the National Bank of Poland.



## URI DADUSH

NON-RESIDENT FELLOW



Uri works mainly on trends in the global economy and on how countries deal with the challenge of international integration through flows of trade, finance, and migration. Dadush is a non-resident scholar at Bruegel, based in Washington, DC and a Senior Fellow at the OCP Policy Center in Rabat, Morocco. He is also Principal of Economic Policy International, LLC, providing consulting services to the World Bank and to other international organizations as well as corporations. He was previously director of international trade at the World Bank.

## ZSOLT DARVAS

SENIOR FELLOW



Zsolt's research interests include macroeconomics, international economics, central banking and time-series analysis. He is also a research fellow at the Institute of Economics of the Hungarian Academy of Sciences. From 2005 to 2008, he was a research adviser to the Argenta Financial Research Group in Budapest. Zsolt holds a PhD in economics from Corvinus University of Budapest. From 1994-2005, he worked in the research department of the Central Bank of Hungary, where he was deputy head.

## MARIA DEMERTZIS

DEPUTY DIRECTOR



Maria is the deputy director of Bruegel. She has previously worked at the European Commission and the research department of the Dutch Central Bank. She has also held academic positions at the Harvard Kennedy School of Government in the USA and the University of Strathclyde in the UK, from where she holds a PhD in economics. She has published extensively in international academic journals and contributed regularly to both the European Commission's and the Dutch Central Bank's policy outlets.

## KONSTANTINOS EFSTATHIOU

AFFILIATE FELLOW



Konstantinos holds a Master in International Economics and International Relations from the Johns Hopkins University School of Advanced International Studies (SAIS), where he specialized in Quantitative Methods and European Studies. Before joining Bruegel, he was at the European Commission, as a Blue Book Trainee in the Cabinet of President Juncker. He also interned at the Central Bank of Luxembourg (BCL) as a research assistant, involved in projects related to the Wage Dynamics Network (WDN) research group.

## ALICIA GARCÍA-HERRERO

SENIOR FELLOW



Alicia is a senior fellow at Bruegel. She is also the chief economist for the Asia Pacific region at NATIXIS and is based in Hong Kong. Alicia is currently an adjunct professor at City University of Hong Kong and Hong Kong University of Science and Technology (HKUST) and visiting faculty at China-Europe International Business School (CEIBS). Alicia holds a PhD in economics from George Washington University and has published extensively in journals and books.

## MARK HALLERBERG

NON-RESIDENT FELLOW



Mark writes on fiscal governance, tax competition, and exchange rate choice. He is a Professor of Public Management and Political Economy at the Hertie School of Governance and is Director of Hertie's Fiscal Governance Centre. He has previously held professorships at Emory University, the University of Pittsburgh, and the Georgia Institute of Technology.

## PIA HÜTTL

AFFILIATE FELLOW



Pia's research interests include macroeconomics, international economics and European political economy. She holds a bachelor's degree in European economics and a master's degree in international economics from the University of Rome Tor Vergata. She also holds a master's degree in European political economy from the London School of Economics and is currently enrolled in a PhD programme at Humboldt University in Berlin.

## ALEXANDER LEHMANN

NON-RESIDENT FELLOW



Alex is an expert in financial regulation, pension systems and trade policies. He was the lead economist with the European Bank for Reconstruction and Development (EBRD) in Warsaw. Previously Alex Lehmann was with the Policy Review Department of the International Monetary Fund in Washington, acted as consultant for the World Trade Organisation and the central Bank of Mexico, and worked in research and teaching positions at the Royal Institute of International Affairs (Chatham House) and the London School of Economics. He holds a PhD in economics from Oxford.

## J. SCOTT MARCUS

SENIOR FELLOW



Scott is an expert in policy and regulatory issues related to digital services and electronic communications. His recent Bruegel research has focused on the European Digital Single Market (DSM), with particular emphasis on cross-border e-commerce, privacy, and geo-blocking. He made contributions to the European Commission's proposed European Electronic Communications Code (EECC). He is a member of the Scientific Committee of the Communications and Media Programme of the Florence School of Regulation, European University Institute, in Fiesole, Italy. Scott holds a BA in political science (public administration) from the City College of New York, and an MS from the School of Engineering, Columbia University.

## DALIA MARIN

NON-RESIDENT FELLOW



Dalia's research interests are in international economics, corporate finance and the organisation of the firm, and emerging market economies. She holds the chair in international economics at the University of Munich. Dalia is a fellow of the Centre for Economic Policy Research (CEPR), London, and a member of the International Trade and Organization Working Group of the National Bureau of Economic Research (NBER) in Cambridge. She has been team leader at the Russian European Center for Economic Policy in Moscow and has acted as a consultant for international organisations.



## MAKING ECONOMICS A PUBLIC GOOD

*At Bruegel I had the wonderful opportunity to work on research questions that are at the centre of the economic policy debate and contribute to shape economic policy as a public good.*

**Ines Goncalves Raposo**

Research Assistant

## SILVIA MERLER

AFFILIATE FELLOW



Silvia's research focuses on international macro and financial economics, central banking, and EU institutions and policymaking. She has written on various aspects of the sovereign banking crisis, on monetary policy, macroeconomic imbalances and adjustment and the dynamics of capital flows in the euro area. Silvia was an economic analyst at the European Commission (DG ECFIN), providing supportive analysis for the policy negotiations around the European Stability Mechanism. Silvia holds an MSc in economics and social sciences from Bocconi University in Milan and is enrolled in the PhD programme of Johns Hopkins University.

## EMMANUEL MOURLON-DRUOL

NON-RESIDENT FELLOW



Emmanuel's research ranges across a variety of topics in European and international economic relations, including European monetary integration, the development of Western European financial regulation in the 1960s-1980s, and the rise of the European Council. He is Lord Kelvin Adam Smith Fellow in the Adam Smith Business School, University of Glasgow. Prior to this, he was Pinto Post-Doctoral Fellow at LSE IDEAS, the London School of Economics' centre for the study of international affairs. He is also Visiting Professor at the Université Libre de Bruxelles.

## FRANCESCO PAPADIA

SENIOR FELLOW



Francesco is an expert on International Economics and Monetary Policy. Between 1998 and 2012, he was the Director General for Market Operations at the European Central Bank. He worked previously at the Banca d'Italia, first as Director of the International Section of the Research Department and then as deputy head of the Foreign Department. He is also the chair of the Selection Panel of the Hellenic Financial Stability Fund (HFSF). Mr. Papadia has a degree in law from the University of Rome and attended postgraduate studies in Economics and Business at the Istituto Adriano Olivetti in Ancona and at the London Business School.

## GEORGIOS PETROPOULOS

RESEARCH FELLOW



Georgios' research at Bruegel focuses on the digital economy, market definition in the digital era, the economic value of big data and the generated privacy concerns, and the welfare implications of the emergence of the sharing economy. He holds a bachelor's degree in Physics from Aristotle University of Thessaloniki and a master's degree in econometrics and mathematical economics from Tilburg University. He holds a PhD from Toulouse School of Economics.

## JEAN PISANI-FERRY

MERCATOR SENIOR FELLOW AT BRUEGEL



Jean is an expert on European macroeconomics, governance and international economics. He is a professor at Sciences Po Paris and the Hertie School of Governance in Berlin. He was the Director for Programme and Ideas of Emmanuel Macron's presidential campaign. From 2013 to 2017, he served as Commissioner-General of France Stratégie, the ideas lab of the French government. Prior to this appointment, he was from 2005 to 2013 the Director of Bruegel that he had contributed to create. Before creating Bruegel, he was Executive President of the French PM's Council of Economic Analysis (2001-2002), Senior Economic Adviser to the French Minister of Finance (1997-2000), Director of CEPII, the French institute for international economics (1992-1997), and Economic Adviser with the European Commission (1989-92).

## JÖRG ROCHOLL

NON-RESIDENT FELLOW



Jörg is an expert on corporate finance and governance, and financial intermediation. He is professor and president of ESMT European School of Management and Technology in Berlin and a member of the economic advisory board of the German Federal Ministry of Finance. He is also the deputy chairman of the economic advisory board of the Deutsche Welle, research professor at the Ifo Institute in Munich, and Duisenberg fellow of the European Central Bank (ECB).





## AN OPEN COMMUNITY FREELY SHARING IDEAS

*Before visiting Bruegel, I had in mind the image of a unique collection of economists well versed in the latest academic research, with a keen instinct for practical policy-making and excellent communication skills. Actually, Bruegel turned out to be much more impressive from close up! I got to appreciate their recipe for success: an open community that regularly and freely share ideas to bring state-of-the-art knowledge to bear on pressing societal problems. I appreciated the focus on evidenced-based policy that is not divorced from an awareness that the evidence one chooses to collect or not to collect does make a difference, and these choices reflect values.*

**Stavros Zenios**

Visiting Fellow

ANDRÉ SAPIR

SENIOR FELLOW



André's research focuses on international trade, European governance, and global and European macroeconomics. He is a professor of economics at the Brussels Free University (ULB). He was an economic adviser to the president of the European Commission, a chair of the scientific council of the European Systemic Risk Board. In 2004 he published "An Agenda for a Growing Europe", a report for the president of the Commission by a group of independent experts that is known as the Sapir report. André holds a PhD in economics from Johns Hopkins University. He is also a research fellow of the Centre for Economic Policy Research (CEPR).

DIRK SCHOENMAKER

NON-RESIDENT FELLOW



Dirk has published research on central banking, financial supervision and stability, European financial integration and climate change. He is a professor of banking and finance at Rotterdam School of Management, Erasmus University Rotterdam. He is also a member of the Advisory Scientific Committee of the European Systemic Risk Board at the ECB and a research fellow at the Centre for European Policy Research (CEPR). Dirk was dean of the Duisenberg School of Finance from 2009 to 2015. From 1998 to 2008, he served at the Ministry of Finance in the Netherlands.

## SIMONE TAGLIAPIETRA

RESEARCH FELLOW



Simone is an expert in international energy and climate issues. Before joining Bruegel he spent a year in Istanbul as a visiting researcher at the Istanbul Policy Center at Sabanci University. He is also a senior researcher at the Fondazione Eni Enrico Mattei. He holds a master's degree in international relations from the Faculty of Political and Social Sciences of the Università Cattolica del Sacro Cuore in Milan, where he completed his PhD on European and Mediterranean energy relations at the department of international economics, institutions and development.

## ALESSIO TERZI

AFFILIATE FELLOW



Alessio's research interests include structural reforms, competitiveness, governance of the economic and monetary union (EMU) and the G20. He was a research analyst in the EMU governance division of the European Central Bank and a research assistant at Bruegel. He has also worked for the macroeconomic forecasting unit of DG ECFIN (European Commission), for the Scottish Parliament's Financial Scrutiny Unit and Business Monitor International. Alessio holds an MPA in European public and economic policy from the London School of Economics. He is currently a PhD candidate at the Hertie School of Governance in Berlin.

## NICOLAS VÉRON

SENIOR FELLOW



Nicolas' research is about financial systems and financial reform around the world, including global financial regulatory initiatives and current developments in the European Union, banking supervision and crisis management, financial reporting, the euro-area policy framework and economic nationalism. He was a co-founder of Bruegel in 2002. He joined the Peterson Institute as a visiting fellow in 2009 and divides his time between the US and Europe. He is a board member of the derivatives arm (Global Trade Repository) of the Depository Trust and Clearing Corporation (DTCC), a financial infrastructure company that operates globally on a not-for-profit basis.

## REINHILDE VEUGELERS

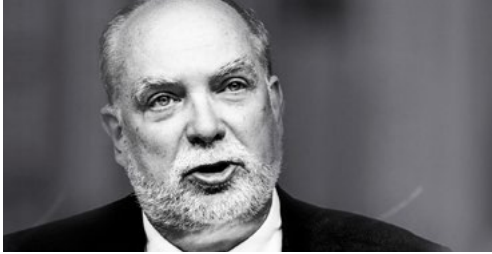
RESEARCH FELLOW



Reinhilde's research focuses on industrial organisation, international economics and strategy, innovation, and science. She is a full-time professor at the University of Leuven in the Department of Management, Strategy and Innovation. She has been a senior fellow at Bruegel since 2009. She is also a CEPR research fellow and a member of the Royal Flemish Academy of Belgium for Sciences. From 2004-2008, she was an adviser for the European Commission's Bureau of European Policy Analysis (BEPA). She was the president-elect of EARIE (European Association for Research in Industrial Economics). She currently serves on the ERC Scientific Council.

## THOMAS WIESER

NON-RESIDENT FELLOW (AS OF FEBRUARY 2018)



Thomas is an expert on EU economic policies, financial stability and European governance. He joined Bruegel in February 2018, previously he was President of the Euro Working Group and of the European Financial Committee of the European Union. He previously chaired the Committee between March 2009 and March 2011. Before becoming President of the EWG/EFC, he was Director General for Economic Policy and Financial Markets in the Ministry of Finance, Vienna.

## GUNTRAM WOLFF

DIRECTOR



Guntram is the director of Bruegel since June 2013. His research focuses on the European economy and governance, fiscal and monetary policy and global finance. He regularly testifies to the European finance ministers' informal ECOFIN meeting, the European Parliament, and national parliaments. During 2012-16, he was a member of the French prime minister's economic advisory council. He joined Bruegel from the European Commission, where he worked on the macroeconomics and governance of the euro area and the Deutsche Bundesbank. Guntram holds a PhD in economics from the University of Bonn and has taught in Pittsburgh and Brussels.





## JIANWEI XU

NON-RESIDENT FELLOW



Jianwei research mainly focuses on international economics and labor economics. He is particularly interested in topics related to China's economic transformation and foreign relationship. Xu is an associate professor at Beijing Normal University, and also works as an affiliate fellow at China Academy of Social Science and a youth member of the China Finance Forum 40. Prior to this, He completed an internship at the Development Research Center of the State Council in China as a research assistant. He holds a PhD from Peking University. He is also Senior Economist for Greater China at Natixis.

## TIMOTHY YU-CHEONG YEUNG

VISITING FELLOW (AS OF MAY 2018)



Timothy Yeung has obtained his PhD in Economics from Toulouse School of Economics in 2015. Before coming to France, he has got his first Master's degree from The University of Hong Kong. He is now a postdoctoral fellow in Université Paris-Dauphine, PSL Research University, applying statistical analysis on various projects. His research interest is digital economy and in particular the impact of the entries of new digital platforms on traditional sectors. Besides, he is interested by the interactions between politics and economics. Timothy is fluent in both Chinese and English.

## GEORG ZACHMANN

SENIOR FELLOW



Georg's work at Bruegel focuses on energy and climate change issues. He is also an expert on Ukraine. He is a member of the German Advisory Group in Ukraine and the German Economic Team in Belarus and Moldova. Prior, he worked at the German Ministry of Finance and the German Institute for Economic Research in Berlin. He has worked on the EU emissions trading system, the European electricity market and European renewables policy. In addition he covers fuel and commodity markets. Georg holds a PhD from the Technical University of Dresden, and a diploma in economics from Humboldt University, Berlin.

## STAVROS ZENIOS

VISITING FELLOW



Stavros is a Visiting Fellow, as part of a Marie Curie Fellowship. He is a Cypriot citizen with a long career in the USA. His current research focuses on sovereign debt issues. He is working on the development of stochastic dynamic models for debt sustainability analysis and risk management for sovereigns, on sovereign contingent debt such as GDP-linked bonds and sovereign coco's, and on disentangling the impact of economic policy and political stability risks. He is a professor of finance and management science at University of Cyprus, Adjunct professor at the Norwegian School of Economics and Senior Fellow at the Wharton School, USA.



# STAFF LIST

*(As of May 2018)*

## DIRECTOR

Guntram Wolff

## DEPUTY-DIRECTOR

Maria Demertzis

## SCHOLARS

Jochen Andritzky, visiting fellow (as of May 2018)

Rene' Arnold, non-resident fellow (as of May 2018)

Carlo Altomonte, non-resident fellow

Agnes Benassy-Quéré, non-resident fellow (as of May 2018)

Suman Bery, non-resident fellow

Désirée Christofzik, visiting fellow (as of May 2018)

Grégory Claeys, resident fellow

Uri Dadush, non-resident fellow

Zsolt Darvas, senior fellow

Marek Dabrowski, non-resident fellow

Konstantinos Efstathiou, affiliate fellow

Alicia García-Herrero, senior fellow

Mark Hallerberg, non-resident fellow

Henrik Horn, non-resident fellow

Pia Hüttl, affiliate fellow

Alexander Lehmann, non-resident fellow

J. Scott Marcus, senior fellow

Dalia Marin, non-resident fellow

Silvia Merler, affiliate fellow

Emmanuel Murlon-Druol, non-resident fellow

Georgios Petropoulos, resident fellow

Jean Pisani-Ferry, senior mercator fellow

Jörg Rocholl, non-resident fellow

André Sapir, senior fellow

Dirk Schoenmaker, non-resident fellow

Simone Tagliapietra, resident fellow

Alessio Terzi, affiliate fellow

Bruno van Pottelsberghe, non-resident fellow

Nicolas Véron, senior fellow

Reinhilde Veugelers, senior fellow

Thomas Wieser, non-resident fellow

Jianwei Xu, non-resident fellow

Timothy Yu-Cheong Yeung, visiting fellow (as of May 2018)

Georg Zachmann, senior fellow

Stavros Zenios, visiting scholar

## RESEARCH INTERNS

Francesco Chiacchio

Gustav Fredriksson

Inês Gonçalves Raposo

Nicholas Moës

Yana Myachenkova

David Pichler

Alexander Roth

Bruegel is also grateful all those who worked at Bruegel during 2017:

**Non-research staff:** Cécile Lavis , Bryn Watkins

**Non-research interns:** Vanessa Cotterell, Ariane Giraneza, Amila Madzak.

**Research assistants:** Filippo Biondi, Justine Feliu, Robert Kalcik, Enrico Nano

**Scholars:** Uuriintuya Batsaikhan, Hideyuki Makimoto

## NON-RESEARCH TEAM

**Eleftheria Avazou**

Events assistant

**Alessandro Borsello**

Online communication officer

**Markus Buderath**

Development intern

**Pauline Chetail**

EU funding project manager

**Stephen Gardner**

Publications editor

**Sean Gibson**

Press and communications officer

**Zouhir Khelili**

Junior accountant

**Katja Knezevic**

Operations coordinator

**Alma Kurtovic**

Executive office coordinator

**Kevin Mendonça**

Communications and events intern

**Matilda Sevón**

Events manager

**Scarlett Varga**

Partnerships manager

## MANAGEMENT TEAM

**Guntram Wolff**

Director

**Maria Demertzis**

Deputy director

**Matt Dann**

Secretary general

**Paola Maniga**

Head of development

**Giuseppe Porcaro**

Head of communications and events



EDITORIAL OUTREACH & RANKINGS

EVENTS

PODCASTS

TESTIMONIES

POLICY  
IMPACT

IMPACT



# MAKING OUR VOICE HEARD

Bruegel's mission is to improve economic policy. This ultimately means persuading policymakers to consider and take on board the research and suggestions of Bruegel scholars.

Being present in public debates is a cornerstone of our strategy. Through our publications, social media, blog, events and press outreach, Bruegel has carved out a discussion space for economic policy.

# WE RELEASED 85 PUBLICATIONS

Our diverse editorial output is tailored to reach different audiences.

**Policy briefs** are aimed primarily at a policy audience and provide concise, strategic analysis of current issues plus concrete policy recommendations. They are designed to have an impact ahead of policy development or in the evaluation of existing policy frameworks.

**Policy contributions** are focused and concise analytical papers, which contribute to ongoing debates while policies are being drafted. They also include testimonies at hearings or responses to political consultation papers during earlier stages of policymaking.

**Working papers** aim to foster academic debate.

**Blueprints** are longer reports that explore a policy area in depth. They are technical studies, with a wider time horizon, leading to policy conclusions.

We also publish **essays and lectures** on topical questions that may be relevant to or arise from Bruegel events.

## AWARDS & RANKINGS

**TRANSPARIFY** has repeatedly awarded Bruegel **five stars out of five for transparency**, including in 2017, recognising its openness about financing and governance.

**PROSPECT MAGAZINE** Awarded Bruegel **European Economic Think Tank of the Year** in 2015 and in 2016 and 2017. Bruegel has been awarded as Think Tank of the Year at the European Public Affairs Awards 2017

**THE 2017 GLOBAL GO TO THINK TANK REPORT**, published by the **University of Pennsylvania**, ranked Bruegel as such:

**#2 top international economics think tank (worldwide)**

**#2 best managed think tank (worldwide)**

**#2 think tank with best policy oriented research programme (worldwide)**

**#2 think tank in the world (non-US)**

**#4 think tank in the world (including US)**

**#5 think tanks with the most significant impact on public policy**



## WE PUBLISHED **189 BLOG POSTS**

The Bruegel blog has grown as a source of timely analysis on the latest developments in economic policy. It has become a reference for policymakers, influencers and journalists.

The blog is also a tool to disseminate our work to a wider audience, by providing information about ongoing research or less technical summaries of working papers and academic debates.



**1.76  
MILLION**

**VISITS  
TO OUR  
WEBPAGE  
BRUEGEL.ORG**



3819

**MEDIA MENTIONS  
ACROSS THE WORLD**

WE WERE  
RETWEETED & LIKED  
**40.523** TIMES

AND WE INCREASED  
THE NUMBER OF OUR  
**TWITTER FOLLOWERS**  
IN 2017  
FROM 44,000 TO

50,800



**AN INVALUABLE RESOURCE  
FOR POLICYMAKERS**

*Bruegel sets the bar for  
economic research in Brussels.  
Original, meticulous and  
relevant -- its work is an  
invaluable resource for  
policymakers throughout  
Europe, and its influence is  
impossible to miss.*

**Alex Barker**

Brussels Bureau Chief,  
Financial Times



# OUR EVENTS REACHED OVER

# 30,000 PEOPLE

**WITH  
ONLINE LIVESTREAMS,  
AUDIO AND VIDEO  
RECORDINGS**



# WE ORGANISED 73 EVENTS

Bruegel's ability to bring together policy-influential people, in Brussels and beyond, means that our events achieve several strategic goals: helping to set the policy agenda, exploring pragmatic solutions to political impasses, and analysing the policy relevance of current economic research.

Our different event formats address different needs. Smaller meetings help inform our research, while larger conferences offer space for debate and to hold officials to account. Many events bring together parties that would not ordinarily have a chance to exchange ideas. In 2017, we have increased the balance between these larger public events and discussions in smaller circles, and successfully engaged remote audiences in our discussions through livestreams and live twitter debates.

Including online livestreams, audio and video recordings, our events reached more than 30,000 people over the year.



# OUR PODCAST SERIES

## THE SOUND OF ECONOMICS

WAS PLAYED MORE THAN

24.000

TIMES THIS YEAR

WE RELEASED 11 EPISODES IN 2017:

1. Banks and borrowers in distress - Europe's NPL crisis
2. Special edition - The Treaty of Rome at 60
3. A glance into the future – how will AI change our lives?
4. Labour mobility in Europe
5. How will Europe's banking system respond to future challenges?
6. What's next for France and Europe?
7. Global trade and Europe
8. Surprising priorities for Europe and China
9. Housing for the modern metropolis
10. The future of Capital Markets Union
11. Inclusive Europe: a journey towards integration



## SHAPING ECONOMIC THINKING

*Bruegel is a think-tank  
doing such significant  
work in in Europe.*

**Vitor Constâncio**

Vice-President,  
European Central Bank





YOUR  
PEACE,  
YOUR  
PRIZE!

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# TESTIMONIES IN 2017

*Bruegel scholars spoke at the European Parliament and at numerous national parliaments during the year.  
They also gave evidence to informal meetings of finance ministers.*

## INFORMAL ECOFIN

### **Europe's role in North Africa: development, investment, migration.**

Uri Dadush, Maria Demertzis, Guntram B. Wolff  
Bruegel policy contribution prepared for informal ECOFIN in Valetta, Malta, April 8

### **Capital markets union and the fintech opportunity**

Maria Demertzis, Silvia Merler, Guntram B. Wolff  
Bruegel policy brief prepared for the informal ECOFIN in Tallinn, Estonia, September 15

## PARLIAMENT TESTIMONIES

### **Brexit: UK-EU movement of people**

Zsolt Darvas  
Written evidence submitted to the UK House of Lords Select Committee, Home Affairs Sub-Committee, 3 February

### **Brexit: EU budget**

Zsolt Darvas  
Written evidence submitted to the UK House of Lords Select Committee on the EU, 7 March

### **Testimony to Parliamentary Conference on the WTO**

Guntram B. Wolff  
Policy Brief prepared for the European Parliament's Steering Committee on the WTO, 15 March

### **Carving out legacy assets: a successful tool for bank restructuring?**

Alexander Lehmann  
Policy Contribution prepared for the European Parliament's Committee on Economic and Monetary Affairs, 21 March

### **Interdependence in difficult times**

Uri Dadush  
Presentation delivered in Malta at the Western Mediterranean Forum, 10 April

### **Is the recent increase in long-term interest rates a threat to euro-area recovery?**

Grégory Claeys and Konstantinos Efsthathiou  
Policy Contribution prepared for the European Parliament's Committee on Economic and Monetary Affairs, 29 May

### **Charting the next steps for the EU financial supervisory architecture**

Nicolas Véron  
Policy Contribution derived from the hearing of the Finance Committee of the German Bundestag, 7 June

### **Exiting the European Union Committee**

Zsolt Darvas  
Written evidence submitted to the UK House of Commons Exiting the EU Committee, 20 June

### **Precautionary recapitalisations: time for a review**

Nicolas Véron  
European Parliament's Economic and Monetary Affairs Committee, 12 July

### **Could revising the posted workers' directive improve social conditions?**

Zsolt Darvas  
Presentation delivered at the European Parliament on the revision of the Posting of Workers Directive, 29 August

### **Europe's fourfold union: Updating the 2012 vision**

Nicolas Véron  
Policy contribution prepared for the Expert Meeting on Deepening the Economic & Monetary Union, Dutch Tweede Kamer, Finance Committee, 21 September

### **The single monetary policy and its decentralised implementation: An assessment**

Francesco Papadia and Alexander Roth  
Committee on European Parliament's Economic and Monetary Affairs, 4 October

### **Sovereign Concentration Charges: A New Regime for Banks' Sovereign Exposures**

Nicolas Véron  
Committee on European Parliament's Economic and Monetary Affairs, 17 November

### **After the crisis: what new lessons for euro adoption?**

Zsolt Darvas  
Speech delivered at an event organised in the Croatian Parliament, 20 November

### **How should the European Central Bank 'normalise' its monetary policy?**

Grégory Claeys and Maria Demertzis  
Policy contribution prepared for the European Parliament's Committee on Economic and Monetary Affairs, 23 November

### **Critical functions and public interest in banking services: Need for clarification?**

Silvia Merler  
Committee on Economic and Monetary Affairs of the European Parliament, 18 December

### **The Impact of Brexit on the EU Energy System**

Guystav Fredricksson, Alexander Roth, Simone Tagliapietra and Georg Zachmann  
European Parliament's Committee on Industry, Research and Energy (ITRE), 19 December



BRUEGEL'S RESEARCH PROGRAMME  
EUROPEAN MACROECONOMICS AND GOVERNANCE  
GLOBAL ECONOMICS AND GOVERNANCE  
FINANCE AND FINANCIAL REGULATION  
INNOVATION AND COMPETITION POLICY  
ENERGY AND CLIMATE



RESEARCH  
IN 2016



# BRUEGEL'S RESEARCH PROGRAMME

“ *“Policy relevance should not be done without strong foundations. Our scholars have continued this year to publish their Bruegel research in established academic journals. We continue to strive for policy influence based on facts, method and peer review.”*

Maria Demertzis,  
Bruegel Deputy-director

Bruegel’s research is built on a focused medium-term programme. The programme is structured into three-year cycles. Long-term research investment is combined with rapid responses to unanticipated policy developments.

Our annual research programme is adopted by the board in September, after intensive discussions between Bruegel scholars, members and other stakeholders.

Several evaluation processes are used to maintain high research standards, relevance and impact. In 2016 the scientific council conducted the last three-year evaluation. Internal evaluations are carried out throughout the year, including weekly research seminars, quarterly outreach reports by the communications team and regular discussions with the Bruegel board and the scientific council. The director has the overall editorial responsibility for Bruegel’s research.



# POLICY RELEVANCE WITH ACADEMIC EXCELLENCE

*Bruegel scholars regularly publish in top academic outlets. And while not every fellow has to publish every year in top journals, we are convinced that high academic standards are conducive to high quality policy recommendations. All significant Bruegel policy papers therefore undergo a collective feed-back process by the research team.*

*Selected academic publications of Bruegel scholars are listed below.*

## JOURNALS

Batsaikhan, U. and Dabrowski, M. (2017): 'Central Asia — twenty-five years after the breakup of the USSR', *Russian Journal of Economics*, Vol. 3, Issue 3, pp. 296-320.

Coglianesi, C. and A. Sapir (2017), 'Risk and Regulatory Calibration: WTO Compliance Review of the US Dolphin-Safe Tuna Labeling Regime', *World Trade Review*, 327-48.

Consiglio A. and S.A. Zenios (2018), 'Pricing and hedging GDP-linked bonds in incomplete markets', *Journal of Economic Dynamics and Control*, 88:137-155.

Dabrowski, Marek (2017): 'The Russian economy in comparative perspective', *Russian Journal of Economics*, Vol. 3, Issue 4, pp. 333-335.

Darvas, Zsolt (2018), 'Why is it So Hard to Reach the EU's Poverty Target?', *Social Indicators Research*, doi: 10.1007/s11205-018-1872-9, first online.

Demertzis Maria, Ben-Haim Yakov and Jan Willem van den End (2018), 'Fundamental uncertainty and unconventional monetary policy: an info-gap approach', *Economic Modelling*.

Demertzis Maria, Silvia Merler and Guntram B. Wolff (2018), 'Capital Markets Union and the Fintech Opportunity',

*Journal of Financial Regulation*, Oxford University Press 0, 1-9.

Demertzis, Maria, André Sapir, Guntram B. Wolff (2018) 'Europe in a new world order', *Wirtschaftsdienst*, Heft 13, pp 24-30, 2018.

Gandrud, Christopher, and Mark Hallerberg, (forthcoming), 'Interpreting Fiscal Accounting Rules in the European Union', *Journal of European Public Policy*.

García-Herrero, Alicia (2017), 'China's Belt and Road Initiative: Can Europe Expect Trade Gains?', *China & World Economy*, 84–99, Vol. 25, No. 6.

García-Herrero, Alicia (2017), 'Financial inclusion, rather than size, is the key to tackling income inequality', *Singapore Economic Review*, 0217-5908, 8 November.

Hallerberg, Mark, Benedicita Marzinotto, and Guntram B. Wolff (2018), 'Explaining the Evolving Role of National Parliaments Under the European Semester', *Journal of European Public Policy*, 25, 3: 250-67.

Hottenrott, H., C. Lopes-Bento & R. Veugelers. 2017, 'Direct and Cross Scheme Effects in an R&D Subsidy Program', *Research Policy*, 46, 6, 1118-1132.

Petropoulos, G., (2017), 'Collaborative Economy: Market Design and Basic Regulatory Principles', *Intereconomics*, Volume 52, Number 6.

Schoenmaker, D. (2017), 'What happened to Global Banking after the Crisis?' *Journal of Financial Regulation and Compliance*, 25(3), 241-252.

Schoenmaker, D. (2018), 'Resolution of International Banks: Can Smaller Countries Cope?', *International Finance*, 21(1), forthcoming.

Stephan, P., Veugelers, R. & J. Wang, 2017, 'Blinkered by bibliometrics', *Nature*, 544, 411-412.

Veugelers, R. 2017, 'Countering European Brain Drain', *Science*, Vol 356, Issue 6339, 3.

Wang, J, Veugelers, R., Stephan, P. 2017, 'Bias against novelty in science: a cautionary tale for users of bibliometric indicators', *Research Policy*, 46, 1416-1436.

Wolff, Guntram B. (2017) 'What could a euro-area finance minister do?', *Zeitschrift für Wirtschaftspolitik*, ZfWP, Heft 66-1, 2017, DOI: zfw-2017-0011.

## BOOKS

Hafner M. and S. Tagliapietra, (eds.) (2017) *The European Gas Markets: Challenges and Opportunities Ahead*, Palgrave Macmillan, London.

Hartmann, P., H. Huang and D. Schoenmaker (eds) (2018), *The Changing Fortunes of Central Banking*, Cambridge

University Press, Cambridge, UK.

Schoenmaker, D. and W. Schramade (2018), *Principles of Sustainable Finance*, Oxford University Press, Oxford, forthcoming.

Tagliapietra S. (2017) *Energy Relations in the Euro-Mediterranean. A Political Economy Perspective*, Palgrave Macmillan, London.

Välimäki, T. and Papadia Francesco (2018), *Central Banking in Turbulent Times*, (with Tuomas) Oxford University Press.



# EUROPEAN MACROECONOMICS & GOVERNANCE

# EUROPEAN GOVERNANCE

In 2017, national elections in France, the Netherlands and Germany meant significant shifts in the debate of how to reform European governance.

Departing from both Juncker's and Schäuble's proposals, Guntram Wolff argued that **economic policy coordination** will always remain political, requiring a strengthening of the Eurogroup's chairmanship.

Nicolas Véron highlighted that, in the past half-decade, Europe's **financial union** has been significantly strengthened but remains incomplete, and is challenged by

Brexit. Meanwhile, **fiscal union, economic union, and political union** were advancing slowly.

While two of the **banking union's** pillars – common European supervision by the European Central Bank, and common European resolution by the Single Resolution Fund – are up and running. But the third, common European deposit insurance, is still missing. André Sapir and Dirk Schoenmaker proposed to design the **European Monetary Fund** as part of a broader risk-sharing and market-discipline agenda.

Emmanuel Mourlon-Druol assessed what the **Franco-German relationship** can achieve, what its shortcomings are, and what it means for the wider governance of the euro area and the EU.

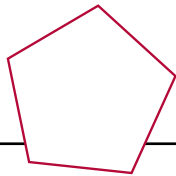
Grégory Claeys explored what are the remaining fragilities of the euro architecture and assessed the institutional reforms put in place during and after the crisis, making some proposals for a coherent economic governance framework to make **Europe's monetary union** more resilient.



ANNUAL MEETING 2017: JOHAN VAN OVERTVELDT / MINISTER OF FINANCE, BELGIUM, REZA MOGHADAM / VICE CHAIRMAN, FOR SOVEREIGNS AND THE OFFICIAL INSTITUTIONS, MORGAN STANLEY, FERDINANDO GIUGLIANO / BLOOMBERG, AGNÈS BÉNASSY QUÉRÉ / CHAIR, FRENCH COUNCIL OF ECONOMIC ANALYSIS, AND GUNTRAM WOLFF / DIRECTOR, BRUEGEL



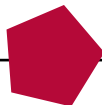
CHRISTINE LAGARDE / MANAGING DIRECTOR OF THE INTERNATIONAL MONETARY FUND , GUNTRAM WOLFF / DIRECTOR OF BRUEGEL



## HOW TO REFORM THE EURO-AREA

*Guntram Wolff*

Departing from both Juncker's and Schäuble's proposals, the Eurogroup should be developed into a Eurosystem of fiscal policy as the centre of euro-area fiscal governance. The Eurogroup should have a permanent, full-time president, with a mandate to represent the interests of the whole euro area, and who will report regularly to the European Parliament. The European Stability Mechanism should become a permanent fire brigade to manage sovereign debt crises, including possible restructurings in extreme cases. Finally, the EU budget should be reformed to focus on European public goods and on a stabilisation function.



## POSTED WORKERS DIRECTIVE

*"The Posted Workers Directive is a political issue in my view, because President Juncker made this promise," said Zsolt Darvas, a senior fellow at the Bruegel think tank. "It's very topical in some countries like France, Belgium and the Netherlands. Politicians in these countries see there is a problem with posted workers and that it can undermine the functioning of the single market."*

**POLITICO**



*” A recent paper from the Bruegel think-tank notes the scale and significance of the shifts in competitiveness among the eurozone’s three most important economies – Germany, France and Italy – since creation of the single currency. It shows the huge improvement in competitiveness of Germany in the form of falling relative unit labour costs. These shifts occurred because compensation of workers grew more slowly than productivity in Germany, at much the same rate in France and faster in Italy. As a result, the share of labour in the incomes of the German business sector fell sharply, while it rose in France and Italy.”*



Martin Wolf



MARIA DEMERTZIS/ DEPUTY-DIRECTOR OF BRUEGEL AND SANDRO GOZI/ MEMBER OF THE PARLIAMENT OF ITALY.



## PRIVATE INDEBTEDNESS AND BAD LOANS

*Maria Demertzis*

The level of private debts in the hands of households and private firms cannot be addressed automatically by resolving the issue of bad loans in EU banks. Finding ways to remove unproductive loans from the balance sheets of banks is useful and necessary; but we will not resolve the whole problem unless we find ways of removing these loans from the balance sheets of debtors. Removing obstacles to the demand for credit at the same time as ensuring new credit can be supplied is the only way to a sustainable economic recovery.



# BREXIT AND THE FUTURE OF EU-UK RELATIONS



We have continued timely analysis of the Brexit process as the negotiations have unfolded, through numerous blogs and publications touching several topics across our research areas – from the Irish border to the banking system; from trade to data roaming, pharmaceuticals, and funding for research and development.

Zsolt Darvas has made an original contribution in the attempt to bring transparency to the debate on the **Brexit bill**, and to foster an agreement. He completed a comprehensive quantification of the various assets and liabilities that might factor in the financial settlement. André Sapir and Maria Demertzis started the discussion of the second phase of negotiations and looked at a possible time path **towards a new EU-UK relationship** with a post-2021 horizon.

Moreover, Guntram Wolff and Robert Kalcik proposed that Brexit offers a political opportunity for the European Parliament to reform the **allocation of seats** to member states. They explored different options for reform and the varying implications for equality of representation and distribution of seats to countries, within the constraints set by the EU treaties.

## BREXIT & VULNERABILITY



*“Britain is an example for all of us, as a longstanding democracy, with centuries of the rule of law and traditional institutions,” said Guntram Wolff. “And if such a country has such difficulties, most of us wonder how our own countries would handle such political upheaval - whether we, too, are so vulnerable.”*

**The New York Times**

# MONETARY POLICY

We continued to look at monetary policies and their implications for the European governance.

Francesco Papadia and Alexander Roth assessed the **decentralised**

**implementation of monetary policy** by the Eurosystem in terms of its transparency, efficiency and simplicity. Maria Demertzis applied the info-gap approach

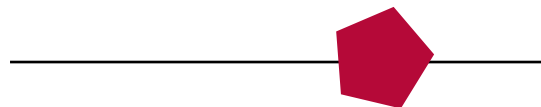
to the **unconventional monetary policy of the Eurosystem**, and so took into account the fundamental uncertainty of inflation shocks.



## THE ROAD TO NORMALISATION FOR THE ECB

*Grégory Claeys*

The ECB has put in place many new policies to tackle the crisis. As growth picks up in the euro area, there are discussions about how to normalise monetary policy, but it is unclear if normalisation means returning to monetary policy as it was prior to the crisis, or whether there is a 'new normal' that would justify different monetary policies. In a paper written with Maria Demertzis for the European Parliament, we discussed how the ECB should normalize its policies and what the 'new normal' might look like in terms of interest rate levels, size of the balance sheet and operational framework of the ECB.



## ECB AND FRENCH ELECTIONS



*"The ECB has several lines of defense if there is a surprise result in the French elections this year but if Le Pen is to announce, as she promised, she is going to hold a referendum to quit the EU then I don't see the ECB granting any lines of defense to try and help,"*  
*Maria Demertzis, deputy director at Brussels-based think tank Bruegel, told CNBC.*



# MIGRATION POLICY



Since the early 1990s, immigration has been a greater source of population increase in the EU than natural change due to births and deaths, while Eurobarometer opinion surveys reveal that immigration tops the list of challenges that EU citizens are most concerned about.

Zsolt Darvas conducted an extensive literature review and careful data analysis, and his study focused on four key issues. First, the economic impacts of immigration in the EU, especially focusing on output, labour markets and the fiscal impact. Second, he evaluated the process of integration of migrants in several aspects – socio-demographics, labour markets, education, social inclusion, active citizenship and financial inclusion. In order to assess the problems of financial inclusion, he conducted a survey of financial institutions in Europe. Third, he assessed policy implications for the EU, including a common European asylum policy. And fourth, he assessed possible private-sector initiatives to foster integration.



## PEOPLE ON THE MOVE: MIGRATION AND MOBILITY IN THE EUROPEAN UNION

*Zsolt Darvas*

Migration is a divisive policy topic in Europe. With the exception of a few EU countries, integration of immigrants has been unsatisfactory, which could be a reason for, but also a consequence of, adverse public opinion towards immigration. Beyond better protection of the EU's borders, a key challenge is to integrate immigrants while managing often distorted public perceptions of immigration. Well integrated immigrants contribute to economic growth, create new jobs for natives and support public finances.





## LIST OF PUBLICATIONS

Analysis of developments in EU capital flows in the global context (3rd annual report)

Zsolt Darvas, Konstantinos Efstathiou, Pia Hüttl and Dirk Schoenmaker  
External Publication, 10 January

Why is it so hard to reach the EU's 'poverty' target?

Zsolt Darvas  
Policy Contribution, 19 January

Is Brexit an opportunity to reform the European Parliament?

Robert Kalcik and Guntram B. Wolff  
Policy Contribution, 27 January

Making the best of the European single market

Vincent Aussilloux, Agnès Bénassy-Quéré, Clemens Fuest and Guntram B. Wolff  
Policy Contribution, 2 February

Improving the Responses to the Migration and Refugee Crisis in Europe

Massimo Bordignon, Yves Pascouau, Matthias M. Meyer, Mehrad Mehregani, Demetrios G. Papademetriou, Meghan Benton, Pedro Góis and Simone Moriconi  
External Publication, 13 February

Europe in a new world order

María Demertzis, Guntram B. Wolff and André Sapir  
Policy Brief, 17 February

Fundamental uncertainty and unconventional monetary policy: an info-gap approach

Yakov Ben-Haim, María Demertzis and Jan Willem van Den End  
Working Paper, 28 February

The case for a common European refugee policy

Massimo Bordignon and Simone Moriconi  
Policy Contribution, 20 March

Divorce settlement or leaving the club? A breakdown of the Brexit bill

Zsolt Darvas, Konstantinos Efstathiou and Inês Gonçalves Raposo  
Working Paper, 30 March

Regional and global financial safety nets: the recent European experience and its implications for regional cooperation in Asia

Zsolt Darvas  
Working Paper, 20 April

The global decline in the labour income share: is capital the answer to Germany's current account surplus?

Bennet Berger and Guntram B. Wolff  
Policy Contribution, 26 April

Is the recent increase in long-term interest rates a threat to euro-area recovery?

Grégory Claeys and Konstantinos Efstathiou  
Policy Contribution, 29 May

Review of EU-third country cooperation on policies falling within the ITRE domain in relation to Brexit

J.Scott Marcus, Georgios Petropoulos, André Sapir, Simone Tagliapietra, Alession Terzi, Reinhilde Veugelers and Georg Zachmann  
External Publication, 5 July

Europe's fourfold union: Updating the 2012 vision

Nicolas Véron  
Policy Contribution, 21 September

Ukraine's unfinished reform agenda

Marek Dabrowski  
Policy Contribution, 27 September

A European perspective on overindebtedness

Nicolas Véron and Jeromin Zettelmeyer  
Policy Contribution, 28 September

An innovation deficit behind Europe's overall productivity slowdown?

Reinhilde Veuglers  
External Publication, 2 October

The single monetary policy and its decentralised implementation: An assessment

Francesco Papadia and Alexander Roth  
External Publication, 4 October

Spotting excessive regional house price growth and what to do about it

Grégory Claeys, Konstantinos Efstathiou and Dirk Schoenmaker  
Policy Contribution, 18 October

The missing pieces of the euro architecture

Grégory Claeys  
Policy Contribution, 26 October

The time is right for a European Monetary Fund

André Sapir and Dirk Schoenmaker  
Policy Brief, 30 October

Rethinking Franco-German relations: a historical perspective

Emmanuel Mourlon-Druol  
Policy Contribution, 7 November

The economic effects of refugee return and policy implications

Uri Dadush  
External Publication, 14 November

How should the European Central Bank 'normalise' its monetary policy?

Grégory Claeys and Maria Demertzis  
Policy Contribution, 23 November

Beyond the Juncker and Schäuble visions of euro-area governance

Guntram B. Wolff  
Policy Brief, 1 December



Find all our work on this topic at:  
<http://bruegel.org/topic/european-macro-economics-and-governance/>

## SELECTED BLOGS

The UK's Brexit bill: could EU assets partially offset liabilities?  
Zsolt Darvas, Konstantinos Efstathiou, Ines Goncalve Raposo, 14 February

Debunking 5 myths about Frexit  
Grégory Claeys, 10 March

What could a euro-area finance minister mean?  
Guntram B. Wolff, 17 May

Debt relief or a fourth financial assistance programme for Greece?  
Zsolt Darvas, 22 May

Revision of the Posted Workers Directive misses the point  
Zsolt Darvas, 18 October

European worries about isolationist trends  
Maria Demertzis, 7 November

German wages, the Phillips curve and migration in the euro area  
Guntram B. Wolff, 29 November

How the EU has become an immigration area  
Zsolt Darvas, 6 December

Brexit, phase two (and beyond): The future of the EU-UK relationship  
Maria Demertzis & André Sapir, 13 December

## EVENTS

Can migration work for all in Europe, 9 January

Europe's growth champion: will Poland's success continue?, 31 January

Tackling Europe's non-performing loans crisis: restructuring debt, reviving growth, 3 February

Brexit and trade: what EU and WTO rules imply, 6 February

The Belarusian economy: are real changes on the way?, 9 March

Conversations on the future of Europe, 22 March

Central bank communication in a low interest rate environment, 31 March

Micro- and macro-based methods in assessing the impact of investment, 5 April

Can EMU survive a multi speed Europe?, 6 April

Understanding the French elections, 19 April

Financial Times – Bruegel Forum: the future of Europe after the French election, 11 May

Inclusive growth: global and European lessons for Spain, 31 May, Madrid

Fiscal frameworks in Europe: background and perspectives, 1-2 June, Copenhagen

Lessons for the future governance of financial assistance in the EU, 14 June

Is there a way out of non-performing loans in Europe, 6 July

Perspectives on Universal Basic Income, 12 July

Europe's trust deficit, 21 September

Unfinished business: The unexplored causes of the financial crisis and the lessons yet to be learned, 28 September

Growth, productivity and social progress in Europe, 26 October

An independent assessment of the EU's fiscal framework: a presentation by the European Fiscal Board, 6 November

Vision Europe Summit 2017, 14 and 15 November, Lisbon

Sustainable growth in transition countries, 28 November

Responsibility to reform Europe, 30 November

Flexicurity and labour market reforms in Europe, 4 December

Health care and macro-economics in Europe, 7 December

Better policies for people on the move, 13 December

# FINANCE & FINANCIAL REGULATION



# FINANCE & FINANCIAL REGULATION

*Our researchers continued to monitor the implementation of the European banking union and European banking supervision.*

Nicolas Véron and Jeromin Zettelmeyer highlighted that the sequence of crisis and policy responses after mid-2007 was a gradual recognition of the unsustainability of the euro-area policy framework. The most impactful initiative has been the initiation of a **banking union** in mid-2012, but this remains incomplete and needs strengthening. In this regard, Dirk Schoemaker proposed the completion of a banking union in which the **European Stability Mechanism (ESM)** becomes the fiscal backstop to the euro-area banking system.

Dirk Schoemaker and Nicolas Véron, outlined a **“Twin Peaks”** vision for Europe’s financial supervisory architecture, moving away from the current sectorial model. Moreover, in another Contribution co-authored also with André Sapir, they concluded that the EU27 needs to upgrade its financial surveillance architecture, to minimise the **financial market fragmentation**

resulting from Brexit and the corresponding increase in borrowing costs for firms.

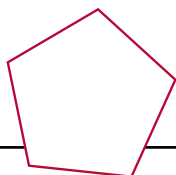
Our researchers also focused on the issue of **non-performing loans**. Maria Demertzis and Alexander Lehmann made a comprehensive review of how there remain obstacles to the recovery of bank credit and investment. Meanwhile, Christopher Gandrud and Mark Hallerberg addressed investigated how **Italian banks** can address the issue of non-performing loans and what lessons they can learn from Japan. Silvia Merler looked at the liquidation of two Italian banks to show how resolution and liquidation differ substantially when it comes to the scope of legislation applicable to the use of public funds.

Throughout the year our scholars also ventured into new fields of research. – in particular looking at Fintech, sustainable finance and the financial consequences of the housing

bubbles. Maria Demertzis, Silvia Merler and Guntram Wolff called for a new regulatory framework for **Fintech**, as it has the potential to change financial intermediation structures substantially. It could disrupt existing financial intermediation with new business models empowered by intelligent algorithms, big data, cloud computing and artificial intelligence. Dirk Schoemaker provided a framework for **sustainable finance**, highlighting the move from the narrow shareholder model to the broader stakeholder model, aimed at long-term value creation for the wider community. Grégory Claeys, Konstantinos Efstathiou and Dirk Schoemaker examined whether there are regional differences in **house-price growth** within European countries and whether this warrants more targeted measures to address the financial system’s vulnerabilities.



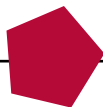
ANNUAL MEETING 2017: JOSÉ ANTONIO ÁLVAREZ ÁLVAREZ / CHIEF EXECUTIVE OFFICER, BANCO SANTANDER, STEVEN MAIJOOR / CHAIR, ESMA, NICOLAS VÉRON / SENIOR FELLOW, BRUEGEL, LEVIN HOLLE / DIRECTOR GENERAL, FINANCIAL MARKETS POLICY, FEDERAL MINISTRY OF FINANCE, GERMANY.



## BANK LIQUIDATION RULES MATTER

*Silvia Merler*

For banking union to function effectively, the framework should be changed to provide the same level of certainty in liquidation as there is expected to be in resolution. Banks, creditors and taxpayers deserve to have certainty about the rules governing liquidation. This objective would best be served by a single EU insolvency regime to complement the current EU framework for resolution, and by a clarification of the extent to which Member States have discretion to establish the local public interest when it comes to liquidation aid.



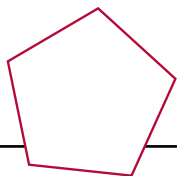
## BANKING UNION IS INCOMPLETE

*Critics lament the splurge of public money: Europe's new rules, after all, are supposed to discourage that. They argue that the bail-out of Banca Popolare di Vicenza and Veneto Banca has put paid to Europe's proposed "banking union", in which one set of rules should apply to all. That is overblown, says Nicolas Véron of Bruegel, a Brussels think-tank. Banking union is incomplete: this episode serves as a reminder. "The single resolution mechanism is not really single as long as you have different insolvency regimes for banks," says Mr Véron.*

The  
Economist



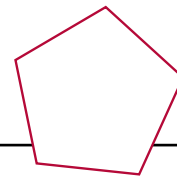
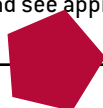
BRUEGEL EVENT / DEBT RESTRUCTURING THROUGH BETTER INSOLVENCY STANDARDS: CATHERINE BRIDGE ZOLLER / SENIOR COUNSEL, EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT, ANDREAS STEIN / HEAD OF UNIT, DG JUSTICE, ALEXANDER LEHMANN / NON-RESIDENT FELLOW, BRUEGEL, SARAH PATERSON / ASSISTANT PROFESSOR OF CORPORATE INSOLVENCY, LONDON SCHOOL OF ECONOMICS



## HOT HOUSING AND FINANCIAL BUBBLES

*Dirk Schoenmaker*

Against the backdrop of the ECB's quantitative easing, asset price bubbles are popping up; also in the housing market. New research shows that housing bubbles can be local, in particular in capitals and other large cities. Macroprudential policies should therefore be differentiated at the regional level. An example is tightening loan-to-value limits for mortgages in cities where housing prices are rising fast. However, some countries still adopt a wait and see approach.



## THE IMF'S ROLE IN THE EURO-AREA CRISIS: FINANCIAL SECTOR ASPECTS

*Nicolas Véron*

The International Monetary Fund made a significant contribution to addressing the euro area's financial sector challenges. It pointed early on to unchecked fragilities in the region's banks, and was a consistent advocate of policy integration and of what we now call banking union. Regarding the individual countries under assistance programmes, the IMF helped to preserve short-term stability in Greece and had a successful role in Ireland and Spain, but, together with other creditors, missed the opportunity to clean up the financial sector in Portugal.



## LIST OF PUBLICATIONS

Making the best of Brexit for the EU27 financial system

André Sapir, Dirk Schoenmaker and Nicolas Véron  
Policy Brief, 8 February

Brexit and the European financial system  
Uuriintuya Batskhan, Robert Kalcik and Dirk Schoenmaker  
Policy Contribution, 9 February

Institutional investors and home bias in Europe's Capital Markets Union  
Zsolt Darvas and Dirk Schoenmaker  
Working Paper, 6 March

How not to create zombie banks: lessons for Italy from Japan  
Christopher Gandrud and Mark Halleberg  
Policy Contribution, 8 March

What happened to global banking after the crisis?  
Dirk Schoenmaker  
Policy Contribution, 14 March

Carving out legacy assets: a successful tool for bank restructuring?  
Alexander Lehmann  
Policy contribution, 21 March

Regional and global financial safety nets: the recent European experience and its implications for regional cooperation in Asia  
Zsolt Darvas  
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Tackling Europe's crisis legacy: a comprehensive strategy for bad loans and debt restructuring  
Maria Demertzis and Alexander Lehmann  
Policy Contribution, 21 April

The Banking Union: An Overview and Open Issues  
Dirk Schoenmaker  
External Publication, 2 May

Les banques européennes se retirent-elles de la scène internationale?

Dirk Schoenmaker  
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The governance and ownership of significant euro-area banks  
Nicolas Véron  
Policy Contribution, 30 May

Charting the next steps for the EU financial supervisory architecture  
Nicolas Véron  
Policy Contribution, 7 June

A New Liquidity Risk Measure for the Chilean Banking Sector  
Grégory Claeys, Sebastián Becerra and Juan Francisco Martínez  
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A macro approach to international bank resolution  
Dirk Schoenmaker  
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Investing for the common good: a sustainable finance framework  
Sirk Schoenmaker  
Essay/Book, 11 July

Precautionary recapitalisation: time for a review?  
Nicolas Véron  
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Capital Markets Union and the fintech opportunity  
Maria Demertzis, Silvia Merler and Guntram B. Wolff  
Policy Contribution, 15 September

Europe's fourfold union: Updating the 2012 vision  
Nicolas Véron  
Policy Contribution, 21 September

A 'twin peaks' vision for Europe  
Dirk Schoenmaker and Nicolas Véron  
Policy Contribution, 13 November

Sovereign Concentration Charges: A New Regime for Banks' Sovereign Exposures  
Nicolas Véron  
External Publication, 17 November

Returns on foreign assets and liabilities: exorbitant privileges and stabilising adjustments  
Zsolt Darvas and Pia Hüttl  
Working Paper, 29 November

Critical functions and public interest in banking services: Need for clarification?  
Silvia Merler  
External Publication, 18 December



Find all our work on this topic at:  
<http://bruegel.org/topic/finance-and-financial-regulation/>

## SELECTED BLOGS

Will better insolvency standards help Europe's debt deleveraging?  
Alexander Lehmann, 23 January

Brexit should drive integration of EU capital markets  
Dirk Schoenmaker and Nicolas Véron, February 24

The Trump market rally conundrum  
Alessio Terzi, 27 February

Italian banks: not quiet on the eastern front  
Silvia Merler, 31 March

How to make finance a force for sustainability  
Dirk Schoenmaker, 12 July

Nordea's move to the Banking Union is no surprise  
Dirk Schoenmaker, 12 September

How has banking union changed mergers and acquisitions?

Inés Goncalves Raposo and Guntram B. Wolff, 13 September

Accounting for true worth: the economics of IFRS9  
Alexander Lehmann, 13 November

Why US investors earn more on their foreign assets than Germans  
Zsolt Darvas, 1 December

Brexit: When the banks leave  
Nicolas Véron, 1 December

## EVENTS

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Debt restructuring through better insolvency standards, 18 January

Tackling Europe's non-performing loans crisis: restructuring debt, reviving growth, 3 February

Micro- and macro-based methods in assessing the impact of investment, 5 April

Substance requirements for financial firms moving out from the UK, 2 June

Sovereign exposure limits, 19 June

Bail-ins and bank resolution in Europe, 19 June

Fintech and the digital transformation of banking, 20 June

The EU27's trade-offs in setting policy on central counterparties, 5 July

Is there a way out of non-performing loans in Europe?, 6 July

How can sustainable finance contribute to the Paris climate goals?, 25 September

Financial Stability Conference 2017, 18 October, Berlin

Sustainable growth in transition countries, 28 November

Zombie firms and weak productivity: what role for policy?, 6 December



# GLOBAL ECONOMICS & GOVERNANCE



# EUROPE

## IN A NEW WORLD ORDER

*The year 2017 has been characterised by a changing global landscape, emphasised by the inauguration of Donald Trump as the president of the United States.*



The new US administration seems intent on replacing multilateralism with bilateral deals. Meanwhile, 2017 has also marked the year of increasing Chinese global presence. From President Xi Jinping's support for multilateralism in Davos to the 19th Party Congress, a more assertive China has emerged. Our scholars continued their analysis of the economic impact of

the changes in global geopolitics. Maria Demertzis, André Sapir and Guntram Wolff explored what the EU's strategic reaction should be to the US's 'diminishing giant' policies, and the EU's role in a world of declining hegemony and shifting balances. Alicia García-Herrero continued her timely analysis of the Chinese economic system, particularly

studying the role of state-owned enterprises as one of the main obstacles preventing the European Union from agreeing a bilateral investment agreement. Alongside this, Reinhilde Veugelers proposed the steps to be taken by the EU to engage more with China, not to miss out in the future multipolar science and technology world.



**ASIAEUROPE  
ECONOMIC  
FORUM**

Bruegel actively promotes a global dialogue between European and Asian policy experts and economists. The Asia-Europe Economic Forum is Bruegel's leading initiative in Asia.

The yearly forum alternates between Asia and Europe and is jointly organised with the Centre d'Études Prospectives et d'Information Internationale and the Bertelsmann Stiftung on the European side; the Asia-Europe Foundation, Asian Development Bank Institute, Caixin Insight Group, Chinese Academy of Social Sciences and Korea University on the Asian side.

It is an event only for invited speakers, who include former and current high-ranking officials, senior parliamentarians, central bank governors, prominent academics, and private-sector economists.

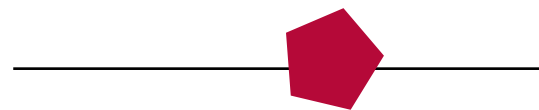
In 2017 the AEEF was held in Seoul in conjunction with the 7th ASEM Economic Ministers' Meeting (ASEM EMM7). On this occasion, Guntram Wolff addressed the economic ministers discussing the future of ASEM trade and investment relations. The 2018 AEEF is planned to take place in Brussels as a side-event of the ASEM Summit.



## THE EVOLVING RELATIONS BETWEEN CHINA AND THE EU

*Alicia García-Herrero*

The new political reality is tilting EU-China relations further towards Europe's dependence on China. This is especially true for Eastern Europe but also for the smallest Southern European countries. Moving forward, EU authorities seem to be increasingly uncomfortable with China's growing influence on EU's territory but also its neighborhood through China's landmark project, the Belt and Road Initiative. All in all, 2017 does not bode well for EU-China economic relations.





LAUNCH OF THE JOINT REPORT EU–CHINA ECONOMIC RELATIONS TO 2025. ROBIN NIBLETT / DIRECTOR, CHATHAM HOUSE, LAWRENCE J. LAU / RALPH AND CLAIRE LANDAU PROFESSOR OF ECONOMICS, THE CHINESE UNIVERSITY OF HONG KONG, JEAN-CLAUDE TRICHET/ CHAIRPERSON OF THE BOARD, BRUEGEL, DONALD TUSK / PRESIDENT OF THE EUROPEAN COUNCIL, ZHANG YANSHENG / CHIEF RESEARCH FELLOW, CHINA CENTER FOR INTERNATIONAL ECONOMIC EXCHANGES, GUNTRAM WOLFF / DIRECTOR OF BRUEGEL, ALICIA GARCÍA-HERRERO / SENIOR FELLOW AT BRUEGEL.



**JOINT REPORT EU–CHINA ECONOMIC RELATIONS TO 2025**

The EU and China, as the world's second and third largest economies, share a responsibility in upholding the rules-based, global free trade system and other forms of multilateral cooperation, especially on combating climate change. This report sets out the main conclusions of a research project between European and Chinese think-tanks, which addresses the prospects for the EU–China economic relationship. A Joint Report by Bruegel, Chatham House, the China Center for International Economic Exchanges and the Institute of Global Economics and Finance at The Chinese University of Hong Kong.



## CHINA'S "ONE BELT ONE ROAD"

*President Xi Jinping's plan for billions of dollars of infrastructure investment in countries along the ancient Silk Road linking China with Europe, is a good idea that the Asian nation probably can't finance on its own, Alicia Garcia-Herrero, a senior fellow at the Brussels-based think tank Bruegel (...) China's economy has slowed, its foreign reserves have fallen, and Chinese bank balance sheets are increasingly saddled with questionable loans. If the country needs to look elsewhere for funding, European banks might be well-placed to step up their financing.*

**Bloomberg**



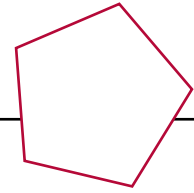
Vision Europe Summit

**Vision Europe** is a consortium of think tanks (Bruegel, CASE, Chatham House, Notre Europe, SITRA) and foundations (Bertelsmann Stiftung, Calouste Gulbenkian Foundation, Compagnia di San Paolo) collaborating to address some of the most pressing public policy challenges facing Europe. Through research, publications and an annual summit, we aim to be a forum for debate and a source of recommendations to improve evidence-based policy making at both a national and EU level and to foster as appropriate European integration.





EVENT "THE FUTURE OF EU TRADE POLICY" : CECILIA MALMSTRÖM / EUROPEAN COMMISSIONER FOR TRADE, DAVID BREMMER / ECONOMY AND POLITICAL REPORTER, NATIONAL DAILY ALGEMEEN DAGBLAD



## TRADE POLICY

*André Sapir*

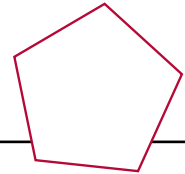
The year 2017 was again eventful as far as EU trade policy was concerned. Three developments were particularly important. The first concerns the EU-Canada agreement, which was approved by the European Parliament in February, but can only enter into force after ratification by national legislatures and if no adverse opinion is given by the European Court of Justice (ECJ). Until then, substantial parts of the agreement are provisionally applied since September 2017. The second development was the opinion of the ECJ on the EU-Singapore trade agreement, which confirmed the EU's exclusive competence in a number of key areas of trade and investment, yet ruling that investor state dispute settlement is a shared competence. Hence, the EU will have to negotiate two separate types of agreements with its partners: trade agreements, requiring ratification only by the Council and the European Parliament, and investment agreements, requiring also ratification by national legislatures. The third key development was the decision of President Trump to pull out of the TPP agreement and to freeze negotiation with the EU on TTIP as well as his threats to impose unilateral measures to protect US manufacturing. These threats became reality in March 2018, when President Trump decided to impose tariffs on steel and aluminium products on grounds on national security, risking a trade war with the EU and other trading partners.



# EUROPEAN NEIGHBOURHOOD



Throughout 2017, the geopolitical situation at the borders of the European Union and beyond has continued to be characterised by turmoil and complexity. Bruegel scholars covered topics relevant to this diverse geographical area within their research. Uri Dadush, Maria Demertzis and Guntram Wolff proposed five ways in which EU policymakers can contribute to development in **North Africa** and build partnerships on trade, investment and migration. Marek Dabrowski analysed the **Ukrainian** economic, institutional and political reforms of 2014-17 in terms of their sustainability and completeness, and evaluated what remains to be done. Together with Uuriintuya Batsaikhan he also explored how, after a decade of growth based on hydrocarbon booms, **Central Asian** countries are faced with increasing challenges to complete their transitions to market economy and towards economic development and integration.



## UKRAINE'S UNFINISHED REFORM AGENDA

*Marek Dabrowski*

Compared to previous attempts the current reform round in Ukraine has proved more successful and some politically difficult decisions have been taken (elimination of gas subsidies). But reform remains incomplete in many important areas, such as local and regional self-government, the judiciary, law enforcement agencies, privatisation and land ownership. Worse, the window of political opportunity seems to be closing as Ukraine is approaching a new electoral cycle in 2018-19.



## LIST OF PUBLICATIONS

- Europe in a new world order  
Maria Demertzis, André Sapir and  
Guntram B. Wolff  
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- Collapse of the Ruble zone and its  
lessons  
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Batsaikhan  
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- Returns on foreign assets and liabilities:  
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Working Paper, 29 November

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- Europe needs to react to Trump's trade  
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Guntram Wolff, 26 January
- The EU must stand ready to confront US  
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Emmanuel Mourlon-Druol, 3 February
- The border adjustment tax: a dangerous  
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Uri Dadush, 9 February
- NAFTA in play: How President Trump  
could reshape trade in North America  
Uri Dadush, 1 March
- Trump's U-turn on trade with China is  
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complacent  
André Sapir, 19 April
- China cannot finance the Belt and Road  
alone  
Alicia García-Herrero, 12 May
- The EU and the US: a relationship in  
motion  
Maria Demertzis, 28 July
- Should the EU have the power to vet  
foreign takeovers?  
Alicia García-Herrero and André Sapir, 1  
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- Is China Deleveraging? Too Early to Cheer  
Alicia García-Herrero, 13 September
- Employment in Europe and the US: the  
EU's remarkable strength  
Zsolt Darvas and David Pichler, 28  
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- Moroccan job market issues, and labour  
trends in the Middle East and North Africa  
Uri Dadush, 7 December



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Implications of the new US trade policy by the incoming president Trump, 19 January

The future of EU trade policy, 24 January

Why are think tanks more important now than ever before?, 26 January

Achieving inclusive growth: what have we learnt?, 26 January

Brexit and trade: what EU and WTO rules imply, 6 February

Financing the Belt and Road Initiative, 9 February

Towards EU-MENA shared prosperity, 10-11 April

Global outlook and policy priorities, 12 April, Brussels

Inclusive growth: global and European lessons for Spain, 31 May, Madrid

Europe's global positioning and its trade implications for Asia, 7 July, Hong Kong

EU-China economic relations: looking to 2025, 13 September

14th Asia Europe Economic Forum (AEEF), 20-21 September, Seoul

Global Excess Imbalances: How worried should we be?, 26 September

Unfinished business: The unexplored causes of the financial crisis and the lessons yet to be learned, 28 September

Vision Europe Summit; 14-15 November 2017, Turin

Europe and Japan: Monetary policies in the age of uncertainty, 2 October

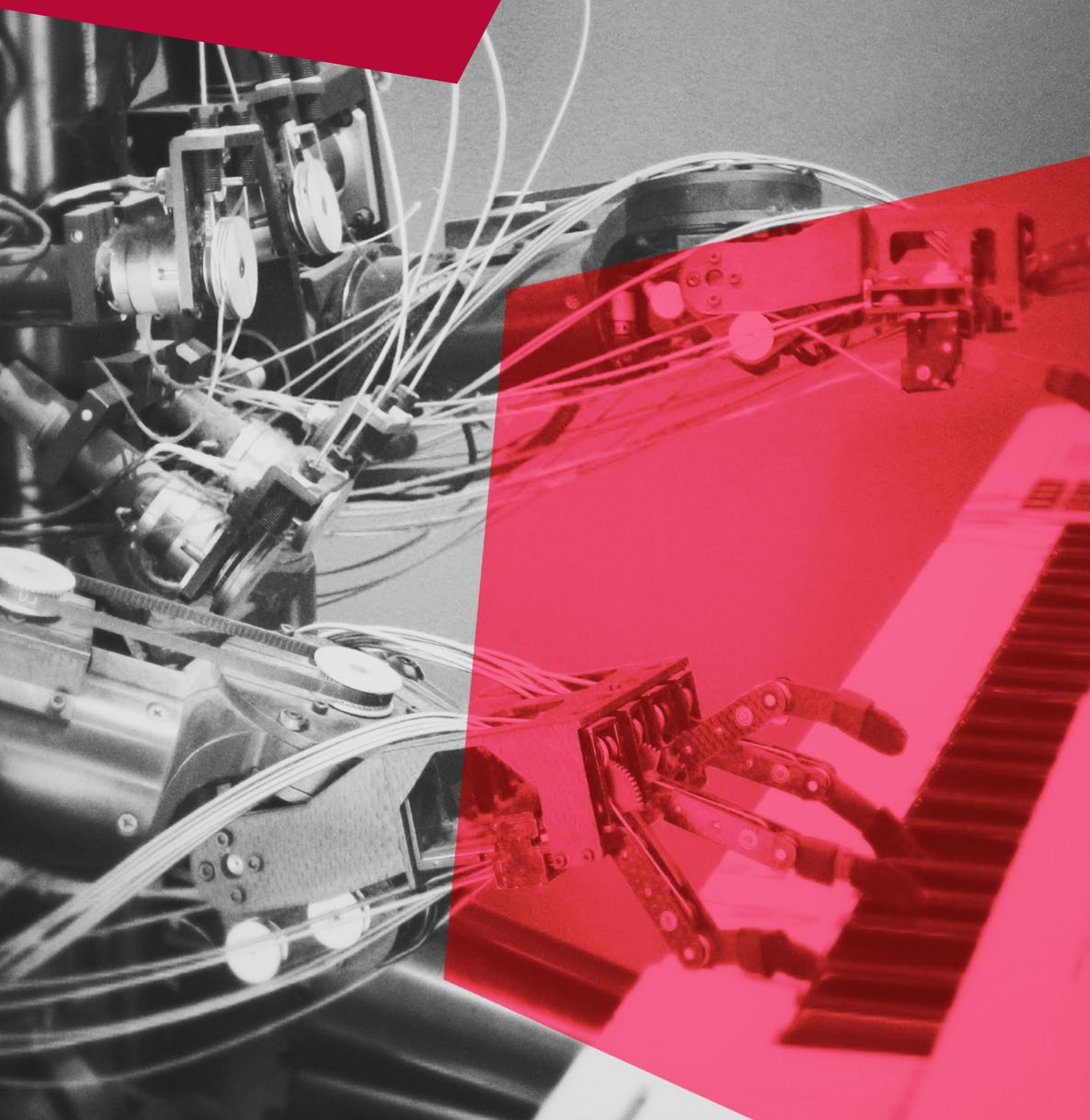
EU – CELAC Economic Forum – Channels for a joint future, 11 October

A conversation on USA economic policy with Kevin Hassett, 9 November



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# INNOVATION & COMPETITION POLICY



# EUROPEAN INDUSTRY



ANNUAL MEETINGS 2017: REINHILDE VEUGELERS / SENIOR FELLOW, BRUEGEL, STEFFEN KAMPETER / DIRECTOR GENERAL, CONFEDERATION OF GERMAN EMPLOYERS' ASSOCIATIONS (BDA), EMMANUEL LAGARRIGUE / EXECUTIVE VICE PRESIDENT, STRATEGY, SCHNEIDER ELECTRIC, LOWRI EVANS / DIRECTOR-GENERAL OF DG INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES - EUROPEAN COMMISSION

How well are European firms responding to the new opportunities for growth, and in which global value chains are they developing these new activities? How can Europe realise the potential for industrial rejuvenation?

A team of numerous Bruegel scholars, led by Reinhilde Veugelers, gave their contribution to this crucial debate with the publication of an extensive Blueprint on the future of manufacturing, advancing the policy discussion and the understanding of the changing role of manufacturing in Europe's growth agenda. This report revisits the old questions of whether we need a special industrial policy and if it should target specific sectors, technologies or even consumers. In response, the report proposes a more holistic approach.



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## THE NEW MANUFACTURING AS AN ENGINE FOR GROWTH

*Reinhilde Veugelers*

Manufacturing once provided Europe with many jobs that did not require high skills. The idea that such jobs can be revived is a central issue for many politicians and is behind the demand that products should be 'made in' the countries that consume them. But such rhetoric has as its reference point an old version of manufacturing, which has been supplanted by complex value chains and is highly automated and data driven. This new version of manufacturing also needs attention from politicians, but for different reasons than the provision of millions of old-style production-line jobs.

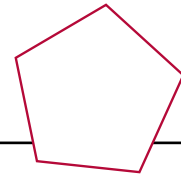
# DIGITAL MARKETS



EVENT "CROWD EMPLOYMENT: CRISTIANO CODAGNONE / PROFESSOR, MILAN STATE UNIVERSITY AND UNIVERSITAT OBERTA DE CATALUNYA, CO-FOUNDER, OPEN EVIDENCE, VALERIO MICHELE DE STEFANO / PROFESSOR OF LABOUR LAW, KU LEUVEN, GEORGIOS PETROPOULOS / RESEARCH FELLOW, BRUEGEL, IRENE MANDL / HEAD OF EMPLOYMENT UNIT, EUROFOUND, AMIT SINGH / PUBLIC POLICY MANAGER, ECONOMIC POLICY, UBER.

Our scholars highlighted the challenges in digital innovation within the frame of the European digital single market and beyond. Understanding how digital markets work is a decisive step in order to design the proper policies that address associated challenges and concerns.

Scott Marcus explored the economic implications of further harmonisation of electronic communications regulation in the EU, and other related policy debates around network-sharing, 5G, geoblocking, as well as the privacy shield agreement between the EU and the US. Georgios Petropoulos focused on the implications of the digital transformation of the EU economy. In particular, he has been studying the disruptive forces of online commerce and collaborative economy platforms, the impact of artificial intelligence and machine learning on employment and wages, as well as the challenges in strengthening market competition in the digital era.

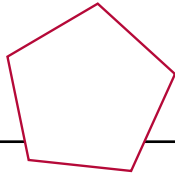


## THE TAXATION OF DIGITAL ENTERPRISES

*J. Scott Marcus,*

The taxation of digital enterprises poses serious challenges. It is too easy for these firms to shift profits to low tax jurisdictions, thus causing economic distortion. A short term "quick fix" might perhaps produce near-term net benefit for Europe, but at the cost of further economic distortion. A long-term fix is needed, but is elusive in the absence of a global consensus backed by political will.





## THE RAPID GROWTH OF THE COLLABORATIVE ECONOMY

*Georgios Petropoulos*

Recent technological developments in information technologies have enabled the emergence of collaborative economy platforms and, through which providers of durable goods and services can trade online with individuals. The emergence of these new business models poses the challenge of how to ensure a level playing field in market competition, as well as how to regulate and define employment in these new platforms so that fair social benefits and protection as well as safety are guaranteed. My research tries to identify and address these challenges.



## DIGITAL SINGLE MARKET STRATEGY

*I would like to thank Bruegel for the very good input given when the Commission prepared the Digital Single Market strategy. When we talk about digital developments in Europe, we are talking about Bruegel.*

Andrus Ansip,

Vice-President of the European Commission, responsible for the Digital Single Market



## EU VS USA: EMERGING MARKETS.

*According to Bruegel, an economic think-tank, only 12 big new European companies were birthed after 1950, against 51 in the US. Of these, only 3 were produced after 1975 in Europe, compared with 25 in the US and 21 in emerging markets.*

**FT** FINANCIAL  
TIMES

## LIST OF PUBLICATIONS

The Future of the Postal Sector in a Digital World  
Georgios Petropoulos  
External Publication, 15 February

An economic review of the collaborative economy  
Georgios Petropoulos  
Policy Contribution, 27 February

Extending the scope of the geo-blocking prohibition: an economic assessment  
J. Scott Marcus and Georgios Petropoulos  
External Publication, 27 February

From start-up to scale-up: examining public policies for the financing of high-growth ventures  
Gilles Duruflé, Thomas Hellman and Karen E. Wilson  
Working Paper, 10 April

The challenge of China's rise as a science and technology powerhouse  
Reinhilde Veugelers  
Policy Contribution, 4 July

Economic Implications of Further Harmonisation of Electronic Communications Regulation in the EU  
J. Scott Marcus and Christian Wernick  
External Publication, 11 August

Remaking Europe: the new manufacturing as an engine for growth  
Reinhilde Veugelers  
Blueprint, 7 September

Capital Markets Union and the fintech opportunity  
Maria Demertzis, Silvia Merler and Guntram B. Wolff  
Policy Contribution, 15 September

An innovation deficit behind Europe's overall productivity slowdown?  
Reinhilde Veugelers  
External Publication, 2 October

Network Sharing and 5G in Europe: The Potential Benefits of Using SDN or NFV  
J. Scott Marcus and Gabor Molinar  
External Publication, 7 December



Find all our work on this topic at:  
<http://bruegel.org/topic/innovation-and-competition/>

## SELECTED BLOGS

How good a shield is Privacy Shield?  
J. Scott Marcus, 7 February

Big data and first-degree price discrimination  
Silvia Merler, 20 February

High expectations for 5G confront practical realities  
J. Scott Marcus, 14 March

Is China's innovation strategy a threat?  
Robert Kalcik, 3 April

Machines that learn to do, and do to learn: What is artificial intelligence?  
Georgios Petropoulos, 6 April

Do we understand the impact of artificial intelligence on employment?  
Georgios Petropoulos, 27 April

Standing on the shoulders of distant giants  
Fabio Matera and Georg Zachmann, 23 May

The growing presence of robots in EU industries  
Georgios Petropoulos, 20 December

## EVENTS

State Aid and Tax Rulings, 1 February  
Intellectual Property and Competition Policy in Europe and Japan, 14 March  
Inclusive growth and competitiveness in Europe, 21 March  
Artificial intelligence: challenges and opportunities, 23 March  
Protecting the privacy of electronic communications: getting the next steps right, 25 April  
Standardisation and patents: problems and policy options, 9 May  
Geo-blocking in the digital single market, 30 May

Fintech and the digital transformation of banking, 20 June  
Crowd Employment, 5 October  
Start-ups' scale-up and innovation, 21 November  
Mergers and innovation, 29 November  
Antitrust Concerns in Digital Markets, 29 November  
Zombie firms and weak productivity: what role for policy?, 6 December  
The impact of Brexit for Research & Innovation in Europe, 12 December

# ENERGY & CLIMATE



# DECARBONISATION CHALLENGES IN EU AND BEYOND



The geopolitical developments of 2017 have had a significant effect on the energy sector. US president Donald Trump withdrew from the **Paris Agreement** at the beginning of the year, and our senior fellow Georg Zachmann assessed what that might mean for the global fight against climate change, pointing out that the EU would need to step up and defend **global climate governance**.

Against this background, he also posited that the effort to define rules for international emissions trading runs counter to the strong desire of nation states to develop their

own climate policies, colliding on the point of needing tradable units in one country to be equivalent to tradable units in another country. To overcome this dilemma he proposed a **club of carbon-buying countries** that would regulate only imported mitigation outcomes.

Simone Tagliapietra highlighted that coal is producing a quarter of the EU's electricity, but three-quarters of its emissions. The EU should propose that its member countries speedily **phase out coal** and put in place a scheme to guarantee the social welfare of coal miners who stand

to lose their jobs. Tagliapietra also continued to explore the complex **energy relations between Europe and other geographical areas** – for example, Turkey; the Middle East and North Africa, oil exporters in times of global decarbonisation; and sub-Saharan Africa, a region where electrification is one of most pressing socio-economic challenges. Georg Zachmann continued to work on pipelines, and argued that **Nord Stream II** has clear commercial benefits for Germany, but it will also increase the dependence of Eastern Europe on Gazprom.

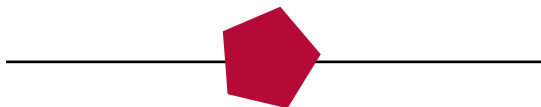




## BREXIT WOULD NOT PREVENT THE EU FROM REACHING ITS ENERGY AND CLIMATE POLICY OBJECTIVES

*Georg Zachmann*

Brexit will also effect the energy sector in the EU. Without a far-reaching compromise, we expect a substantial impact on the Irish energy market that after Brexit would be physically decoupled from the EU. Also the European Emission Trading System would be affected by losing one of the most ambitious member states. Finally, the exceptional expertise of UK representatives in EU regulatory bodies will be missed. However, we think that these effects will be managable, and modest compared to the effects in other areas or in the UK energy sector.



## COSTS OF LEAVING EURATOM

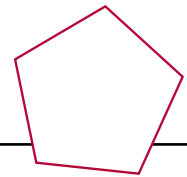
*Simone Tagliapietra, an energy expert at Bruegel, a research organization in Brussels, said Britain would inevitably face higher costs as a result of leaving Euratom, mostly because the organization oversees safety rules and the delivery of nuclear fuels.*

*”Now that the U.K. is deciding to exit Euratom,” he said, ”it will have to establish its own agency for safety and nonproliferation. And that will entail major costs mostly because of how hard it will be to find skilled people who may be from other parts of Europe and no longer eligible to work in Britain automatically.”*

**The New York Times**



EVENT "FOSTERING ENERGY ACCESS IN SUB-SAHARAN AFRICA: WHAT ROLE FOR EUROPE?": LAURA COZZI / HEAD OF THE ENERGY DEMAND OUTLOOK DIVISION, WORLD ENERGY OUTLOOK, INTERNATIONAL ENERGY AGENCY (IEA), LAPO PISTELLI / EXECUTIVE VICE PRESIDENT, ENI.

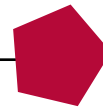


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## EU SHOULD PUSH MEMBER STATES TO GET RID OF COAL

*Simone Tagliapietra*

Europe has a dirty energy secret: coal is producing a quarter of the electricity, but three-quarters of the sector's CO2 emissions. We believe that the EU should encourage member states to overcome their dependence on coal for supplying electricity. To facilitate this transition, we proposed to invest 0.1% of the total EU budget to put in place a European scheme to guarantee the social welfare of coal miners who stand to lose their jobs, making a better use of the European Globalisation Adjustment Fund (EGF).



## LIST OF PUBLICATIONS

Securing the Energy Union: five pillars and five regions – Southern Europe  
Simone Tagliapietra  
External Publication, 30 March

The carbon buyers' club: international emissions trading beyond Paris  
Georg Zachmann  
Policy Brief, 4 April

The political economy of Middle East and North Africa oil exporters in times of global decarbonisation  
Simone Tagliapietra  
Working Paper, 11 April

Electrifying Africa: how to make Europe's contribution count  
Simone Tagliapietra  
Policy Contribution, 8 June

Investing for the common good: a sustainable finance framework  
Dirk Schoenmaker  
Essay/Lecture, 11 July

Towards EU-MENA Shared Prosperity  
Simone Tagliapietra, Abdelhak Bassou, Marion Jansen, Yassine Msadfa, Mario Filadoro and Larabi Jaidi  
Book/Special Report, 17 August

The European Gas Markets  
Simone Tagliapietra  
External Publication, 31 August

The role of international institutions in fostering sub-Saharan Africa's electrification  
Simone Tagliapietra and Morgan Bazilian  
External Publication, 22 September

A new strategy for European Union-Turkey energy cooperation  
Simone Tagliapietra and Georg Zachmann  
Policy Contribution, 24 October

Beyond coal: facilitating the transition in Europe  
Simone Tagliapietra  
Policy brief, 23 November

The Impact of Brexit on the EU Energy System  
Gustav Fredriksson, Alexander Roth, Simone Tagliapietra and Georg Zachmann  
External Publication, 19 December

## SELECTED BLOGS

Brexit goes nuclear: The consequences of leaving Euratom  
Enrico Nano and Simone Tagliapietra, 21 February

Trump's Energy Policy: America First, Climate Last?  
Simone Tagliapietra, 28 February

The EU antitrust case: no big deal for Gazprom  
Simone Tagliapietra, 15 March

Global decarbonisation: a wake-up call for the Middle East and North Africa  
Simone Tagliapietra, 11 April

Standing on the shoulders of distant giants  
Fabio Matera and Georg Zachmann, 23 May

Adieu Paris: what's next for climate policy if Trump ditches the Paris Agreement?  
Simone Tagliapietra and Georg Zachmann, 30 May

Lights on, Africa! Europe must coordinate support for electrification  
Simone Tagliapietra, 20 June

The US 100% renewables dispute  
Silvia Merler, 26 June

How to make finance a force for sustainability  
Dirk Schoenmaker, 12 July

Trump and the Paris Agreement: better out than in  
Simone Tagliapietra, 18 September

Reinforcing the EU energy industry transformation: stronger policies needed

Simone Tagliapietra and Georg Zachmann, 21 September

We need a broader, greener EU-Turkey energy partnership  
Simone Tagliapietra, 19 October

The impact of Brexit on the Irish energy system – pragmatism vs. principles  
Georg Zachmann, 21 November



Find all our work on this topic at:  
<http://bruegel.org/topic/energy-and-climate/>

## EVENTS

Different perspectives on Nord Stream II, 21 February  
Trump's energy policy: America first, climate last?, 7 March  
Future of the European energy industry, 14 June, Milan  
Renewing the 2050 Roadmap, 22 June

How can sustainable finance contribute to the Paris climate goals?, 25 September

Fostering energy access in Sub-Saharan Africa: what role for Europe?, 5 October

Fiscal aspects of the Energy Transition, 17 October  
EU-Turkey energy and climate dialogues, 20 October





OUR GOVERNANCE  
GOVERNANCE MODEL  
THE BOARD  
SCIENTIFIC COUNCIL  
OUR MEMBERS  
MANAGEMENT TEAM  
BRUEGEL'S FUNDING  
FINANCIAL STATEMENTS

# GOVERNANCE



# OUR GOVERNANCE

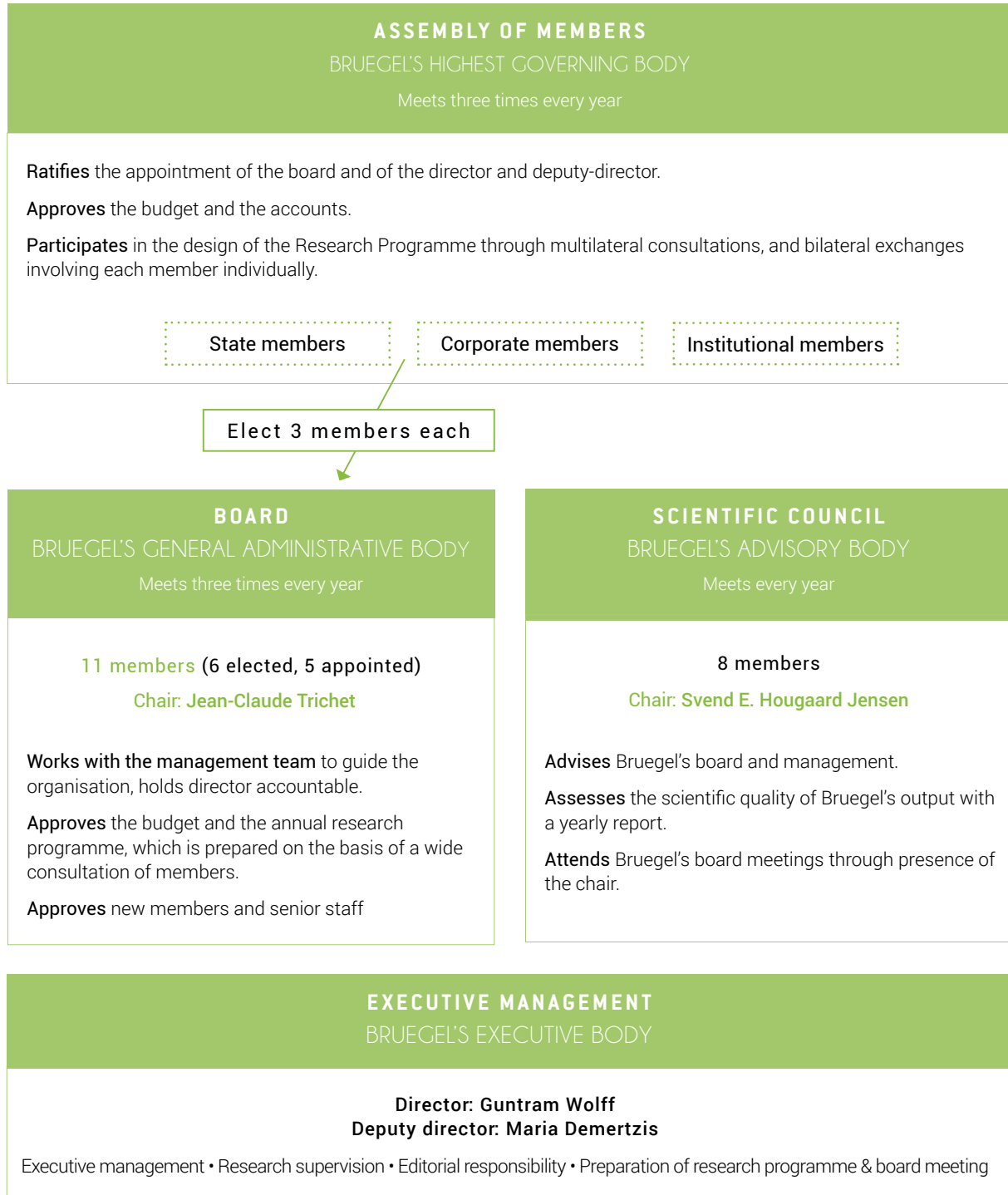
Bruegel's distinctive nature rests on a balanced partnership between private and public stakeholders.

Our member base is composed of EU member states, international corporations and independent institutions.

With membership fees constituting more than 80% of the annual budget, but no single member contributing more than 4%, Bruegel succeeds in collaborating with a wide array of partners while protecting its principal assets: independence, professional integrity and objectivity.

Bruegel is committed to the highest levels of transparency, both at the level of the institution and at the level of individual scholars. This level of disclosure represents a new standard in public transparency for think tanks.

# GOVERNANCE MODEL



# THE BOARD

*The board's composition reflects the diversity of Bruegel's stakeholders. An 11-person group, it is made up of high-ranking individuals from government, industry, academia and civil society, each of them acting in a personal capacity.*

*A diversity of backgrounds, nationalities and genders is guaranteed through a combination of elections and appointments. It reflects Bruegel's nature as a public good.*

*The new board of Bruegel was confirmed by members in March 2017 and comprises:*

**JEAN-CLAUDE TRICHET  
(CHAIRMAN)**

FORMER PRESIDENT, EUROPEAN CENTRAL BANK

**THIES BÜTTNER**

FULL PROFESSOR OF PUBLIC FINANCE AND ECONOMICS,  
FRIEDRICH-ALEXANDER UNIVERSITY AT ERLANGEN-NURNBERG

**KAROLINA EKHOLM**

PROFESSOR OF ECONOMICS AND STATE SECRETARY TO THE  
SWEDISH MINISTER FOR FINANCE

**JOSÉ MANUEL GONZÁLEZ-PÁRAMO**

EXECUTIVE BOARD DIRECTOR, BBVA

**VINCENZO LA VIA**

DIRECTOR GENERAL OF DEPARTMENT OF TREASURY, ITALIAN  
MINISTRY OF ECONOMY AND FINANCE

**RACHEL LOMAX**

FORMER DEPUTY GOVERNOR OF THE BANK OF ENGLAND AND  
A MEMBER OF THE MONETARY POLICY COMMITTEE

**ISABELLE MATEOS Y LAGO**

MANAGING DIRECTOR, BLACKROCK INVESTMENT INSTITUTE

**SIMONE MORI**

GROUP HEAD OF EUROPEAN AFFAIRS, ENEL

**ELENA PISONERO**

PRESIDENT, HISPASAT

**PAWEL SAMECKI**

MEMBER OF THE MANAGEMENT BOARD OF NARODOWY BANK  
POLSKI

**TUOMAS SAARENHEIMO (AS OF MARCH 2018)**

PERMANENT UNDER-SECRETARY AT THE MINISTRY OF  
FINANCE, FINLAND

**HANS VIJLBRIEF (UNTIL JANUARY 2018)**

TREASURER-GENERAL, DUTCH MINISTRY OF FINANCE



# SCIENTIFIC COUNCIL

*The scientific council consists of internationally recognised economists appointed by the board for a three-year mandate. It advises Bruegel's board, director and deputy director, and assesses the scientific quality of Bruegel's output. The scientific council chair attends board meetings.*

**SVEND E. HOUGAARD JENSEN (CHAIRPERSON)**

PROFESSOR OF ECONOMICS AND DIRECTOR OF THE PENSION RESEARCH CENTRE (PERCENT) AT COPENHAGEN BUSINESS SCHOOL

**RANIA AL-MASHAT**

ADVISOR AT THE INTERNATIONAL MONETARY FUND (IMF)

**ELENA CARLETTI**

PROFESSOR OF FINANCE AT BOCCONI UNIVERSITY

**FERNANDO FERNANDEZ**

FULL PROFESSOR OF INTERNATIONAL AND FINANCIAL ECONOMICS AT IE BUSINESS SCHOOL

**NAIKA FOROUTAN**

VICE-DIRECTOR OF THE BERLIN INSTITUTE ON INTEGRATION AND MIGRATION RESEARCH (BIM)

**JUSTUS HAUCAP**

DIRECTOR, DÜSSELDORF INSTITUTE FOR COMPETITION ECONOMICS (DICE) AT HEINRICH-HEINE-UNIVERSITY OF DÜSSELDORF

**PÉTER KADERJÁK**

DIRECTOR OF THE REGIONAL CENTRE FOR ENERGY POLICY RESEARCH AT THE CORVINUS UNIVERSITY OF BUDAPEST

**THOMAS PHILIPPON**

PROFESSOR OF FINANCE AT NEW YORK UNIVERSITY, STERN SCHOOL OF BUSINESS

# OUR MEMBERS



*Members are at the core of our organisational framework. They engage in a partnership, an exchange of ideas, and a commitment to Bruegel's mission.*

Their representation at board level, their contribution to the research agenda, their interactions with scholars, and their participation in events are a guarantee that Bruegel remains both accountable and relevant.

Members are committed to Bruegel's standards of transparency and integrity. They recognise Bruegel's independence and agree to refrain from seeking to influence the course of Bruegel's research work or to obstruct publication. We are grateful to each of them for their support.

## STATE MEMBERS

Austria	Italy
Belgium	Luxembourg
Cyprus	Malta
Denmark	Poland
Estonia	Slovakia
Finland	Spain
France	Sweden
Germany	The Netherlands
Hungary	United Kingdom
Ireland	

## INSTITUTIONAL MEMBERS

Banca d'Italia  
 Bank of England  
 Banque Centrale du Luxembourg  
 Banque de France  
 Groupe Caisse des Dépôts  
 Danmarks Nationalbank  
 National Bank of Romania  
 TELA  
 The European Bank for Reconstruction and Development (EBRD)  
 The European Investment Bank (EIB)  
 Fundación Instituto de Crédito Oficial (ICO)  
 The National Bank of Poland  
 Sveriges Riksbank

## CORPORATE MEMBERS

Amazon	ENEL	MSD	Sanofi
Banco Santander	Eni	MetLife	Schneider Electric
BBVA	Google	Microsoft	Schroders
BlackRock	HSBC	Moody's	Shell
Crédit Agricole S.A.	Huawei	Morgan Stanley	Société Générale
Deutsche Bank	Iberdrola	Norinchukin Bank	Standard & Poor's
Deutsche Borse	ING	Novartis	IIES (Toyota Group)
Deutsche Telekom	Mastercard	Pfizer	Uber
EDP	McKinsey	Prysmian Group	UniCredit Group



# MANAGEMENT TEAM



## GUNTRAM WOLFF

### *Director*

Guntram Wolff is responsible for Bruegel's overall executive management, for the preparation of the board meetings, the preparation of Bruegel's strategy, the research strategy and the hiring of staff. He exercises editorial oversight and quality control. Guntram was deputy director of Bruegel before being appointed director in 2013. Before this, he worked on euro-area governance at the European Commission and fiscal policy at the Bundesbank. He holds a PhD in economics from the University of Bonn and has published numerous pieces on the European economy and governance, on monetary and fiscal policies and on finance.



## MARIA DEMERTZIS

### *Deputy director*

Maria is the deputy director of Bruegel since 2016. The deputy director assists the director in leading the organisation, with a specific focus on shaping the research programme and ensuring its execution is of the highest quality. She has previously worked at the European Commission and the research department of the Dutch Central Bank. She has also held academic positions at the Harvard Kennedy School of Government in the USA and the University of Strathclyde in the UK, from where she holds a PhD in economics.



## MATT DANN

### *Secretary general*

Matt supports the director in his executive tasks. He oversees the management of Bruegel's non-research operations, takes care of finances and manages institutional relations with Bruegel's members. Matt is an experienced media professional who has worked in both television and the financial sector. He is a graduate of Keele University, UK, and has an MBA from the Solvay Business School of the Université Libre de Bruxelles.



## PAOLA MANIGA

### *Head of development*

Paola and her team are responsible for raising new income streams from public and private sources. She was previously secretary general of the European Association of Sugar Traders (ASSUC) and trade policy adviser for the associations representing international trade in flowers and EU imports of processed agriculture and fishery products. Paola holds two master's degrees, in local economic development from the London School of Economics and in management from Bocconi University. She is also co-founder of The Brussels Binder, an online database of female policy experts.



## GIUSEPPE PORCARO

### *Head of communications & events*

Giuseppe Porcaro and his team are responsible for press and online outreach and the organisation of Bruegel's events. He has extensive experience of organisational management, communication and policy development at European and international level. He was secretary general of the European Youth Forum between 2009 and 2014 and previously worked at the World Bank in Kosovo and Paris. Giuseppe holds a master's degree in international relations and a PhD in geography of development from the University of Naples L'Orientale.

# BRUEGEL'S FUNDING

*Understanding who funds think tanks, and to what end, is an important part of maintaining the reputation our sector has for independence. Bruegel's management is required by the board and members to pursue balanced funding, with goals stipulating the proportion of funding that should be received from membership and non-membership sources. Bruegel is therefore committed to building a diverse set of stakeholders, to help buttress independence and allow the budget to cover the funding cycle. Diversity of funding also allows Bruegel to operate during downturns in the business/funding cycle. Our funding structure is based on:*



- **Core funding**

85% of funding comes from the membership programme:

- EU member states
- Corporations
- Central banks and autonomous institutions

- **Non-core funding**

Grants from European institutions for specific multi-annual research projects or papers. This also gives Bruegel an opportunity to interact with policymaking institutions and makes advocacy for Bruegel's work more effective.

Grants from private organisations, such as private foundations and top research institutes. Bruegel adopts a flexible approach to cooperation. Joint activities with partners focus on intellectual dialogue through visiting fellowships, joint publications and policy debates with relevant decision makers and practitioners. No member contributes more than a small percentage of the annual budget (1-4% of 2018 budget), which protects independence further. An arm's-length relationship with

members is also guaranteed by Bruegel's statute and bylaws, which clearly define the role that members play in the organisation. The financial statements fully detail our funding streams for both core and non-core funding. Bruegel's development is planned to be organic, with a gradual expansion of the membership programme and the sustainable growth of other funding streams in harmony with Bruegel's core values. A large part of making Bruegel's financial future

sustainable also rests in constant innovation in operations: finding ways to cut costs whilst expanding output. Bruegel maintains reserves of just over 2.5 million euros. These reserves make six months' operating costs available and help maintain financial stability. Bruegel's cash flows are carefully managed and Bruegel has never borrowed to finance operations or for capital investments.

# FINANCIAL STATEMENTS

## BALANCE SHEET 2017 - 2016

	2017	2016
<b>FIXED ASSETS</b>		
<b>FIXED ASSETS</b>	<b>385,983.92</b>	<b>496,270.54</b>
FURNITURE AND OFFICE EQUIPMENT	60,164.30	75,100.68
IT DEVELOPMENT	64,945.20	72,404.44
NEW OFFICE SPACE DEVELOPMENT	260,874.42	348,765.42
<b>CURRENT ASSETS</b>	<b>270,950.21</b>	<b>728,113.81</b>
TRADES RECEIVABLES	270,950.21	722,323.81
OTHER DEBTORS	0.00	5,790.00
FUNDED PROJECT RECEIVABLES	0.00	0.00
<b>CASH AND FINANCIAL ASSETS</b>	<b>2,598,335.01</b>	<b>2,026,935.44</b>
<b>DEFERRALS AND ACCRUALS</b>	<b>157,249.30</b>	<b>141,805.19</b>
DEFERRED CHARGES	148,999.30	141,805.19
ACCRUED INCOME	8,250.00	
<b>TOTAL ASSETS</b>	<b>3,412,518.44</b>	<b>3,393,124.98</b>
<b>CURRENT LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>	<b>1,022,828.87</b>	<b>1,053,847.87</b>
TRADE PAYABLES	332,112.38	232,937.33
REMUNERATION AND SOCIAL SECURITY PAYABLES	275,051.31	261,019.13
FUNDED PROJECT CREDITORS	36,502.99	126,298.75
PREPAID INCOME	353,645.34	291,666.67
VAT PAYABLE	25,516.85	27,466.81
ACCRUED CHARGES	0.00	6,435.18
PROVISIONS	0.00	108,024.00
<b>NET ASSETS</b>		
<b>NET ASSETS</b>	<b>2,389,689.57</b>	<b>2,339,277.11</b>
SURPLUS/LOSS OF THE YEAR	50,412.46	-438,390.07
ACCUMULATED RESERVES	2,339,277.11	2,777,667.18
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,412,518.44</b>	<b>3,393,124.98</b>

## INCOME STATEMENT 2017 - 2016

	2017	2016
<b>REVENUE</b>		
<b>SUBSCRIPTIONS - STATE MEMBERS</b>	<b>2,136,059.66</b>	<b>2,124,992.00</b>
<b>SUBSCRIPTIONS - CORPORATE MEMBERS</b>	<b>1,683,335.33</b>	<b>1,433,333.32</b>
<hr/>		
<b>SUBSCRIPTIONS - INSTITUTIONAL MEMBERS</b>	<b>425,000.00</b>	<b>408,333.33</b>
<hr/>		
(see Complete Funding Annex for breakdown)		
<b>OTHER REVENUES</b>	<b>694,713.02</b>	<b>444,725.86</b>
<hr/>		
HONORARIA	12,249.32	19,245.39
PROJECT-BASED FUNDING	328,046.64	149,312.10
FOUNDATION GRANTS	246,132.14	273,893.71
FINANCIAL INCIOME (GROSS)	260.92	516.83
OTHER INCOME	108,024.00	1,757.83
<b>TOTAL REVENUE</b>	<b>4,939,108.01</b>	<b>4,411,384.51</b>
<hr/>		
<b>EXPENSES</b>		
<b>WAGES AND COMPENSATION</b>	<b>-3,579,852.04</b>	<b>-3,379,193.99</b>
<hr/>		
<b>OPERATING EXPENSES</b>	<b>-1,136,265.90</b>	<b>-1,279,300.41</b>
<hr/>		
STAFF TRAVEL COSTS	-122,449.87	-130,096.14
EXTERNAL RESEARCH COSTS	-37,351.95	-53,132.08
DOCUMENTATION COSTS	-175,187.14	-206,774.95
OUTREACH RELATED COSTS	-227,744.79	-408,765.21
OFFICE RENT AND RUNNING COSTS	-485,277.73	-366,439.69
EXTERNAL PROFESSIONAL SERVICES	-83,299.34	-109,640.84
FINANCIAL CHARGES	-4,955.08	-4,451.50
<b>DEPRECIATION EXPENSES</b>	<b>-147,577.61</b>	<b>-168,349.14</b>
<hr/>		
<b>TOTAL EXPENSES</b>	<b>-4,863,695.55</b>	<b>-4,826,843.54</b>
<hr/>		
SURPLUS / DEFICIT (BEFORE EXTRAORDINARY ITEMS)	75,412.46	-415,459.03
INCOME WRITE-OFFS FROM PREVIOUS YEARS	-25,000.00	-22,931.04
FINAL RESULT	50,412.46	-438,390.07

CORE FUNDING ANNEX 2017 - 2016

REVENUE		2017	2016
<b>SUBSCRIPTIONS - STATE MEMBERS</b>		<b>2,136,059.66</b>	<b>2,124,992.00</b>
<b>Category 1</b>		<b>110,676.66</b>	<b>99,609.00</b>
Cyprus		33,203.00	33,203.00
Luxembourg		33,203.00	33,203.00
Malta		33,203.00	33,203.00
Estonia		11,067.66	
			<b>132,812.00</b>
<b>Category 2</b>		<b>132,812.00</b>	<b>132,812.00</b>
Ireland		66,406.00	66,406.00
Slovakia		66,406.00	66,406.00
<b>Category 3</b>		<b>498,045.00</b>	<b>498,045.00</b>
Austria		99,609.00	99,609.00
Denmark		99,609.00	99,609.00
Finland		99,609.00	99,609.00
Hungary		99,609.00	99,609.00
Sweden		99,609.00	99,609.00
<b>Category 4</b>		<b>398,436.00</b>	<b>398,436.00</b>
Belgium		132,812.00	132,812.00
Netherlands		132,812.00	132,812.00
Poland		132,812.00	132,812.00
<b>Category 5</b>		<b>996,090.00</b>	<b>996,090.00</b>
France		199,218.00	199,218.00
Germany		199,218.00	199,218.00
Italy		199,218.00	199,218.00
Spain		199,218.00	199,218.00
United Kingdom		199,218.00	199,218.00
<b>SUBSCRIPTIONS - CORPORATE MEMBERS</b>		<b>1,683,335.33</b>	<b>1,433,333.32</b>
AMAZON	Joined 2016	50,000.00	29,166.66
BBVA		50,000.00	50,000.00
BLACK ROCK		50,000.00	50,000.00
DEUTSCHE BANK		50,000.00	50,000.00
DEUTSCHE BORSE	Joined 2017	25,000.00	0.00
DEUTSCHE TELEKOM		50,000.00	50,000.00
EDP	Joined 2017	29,167.67	0.00
ENEL		50,000.00	50,000.00
ENI	Joined 2017	25,000.00	0.00
EURONEXT	Left 2016	0.00	37,500.00
GENERALI		50,000.00	50,000.00
GOOGLE		50,000.00	50,000.00
HSBC		50,000.00	50,000.00
HUAWEI		50,000.00	50,000.00
IBERDROLA		50,000.00	50,000.00
IIES (TOYOTA GROUP)		50,000.00	50,000.00
ING		50,000.00	50,000.00
MASTERCARD	Joined 2016	50,000.00	8,333.33
MCEM (MOORE CAPITAL)	Left 2017	20,833.33	50,000.00
METLIFE		50,000.00	50,000.00
MICROSOFT		50,000.00	50,000.00
MOODY'S		50,000.00	50,000.00
MORGAN STANLEY		50,000.00	50,000.00
MSD (MERCK)	Joined 2016	50,000.00	16,666.67
NORINCHUKIN BANK	Joined 2016	50,000.00	20,833.33
NOVARTIS		50,000.00	50,000.00
PFIZER		50,000.00	50,000.00
PRYSMIAN	Joined 2017	20,833.33	0.00
QUALCOMM	Left 2016	0.00	20,833.33
SANOFI	Joined 2017	29,167.67	0.00
SANTANDER	Joined 2017	50,000.00	0.00
SCHNEIDER ELECTRIC	Joined 2016	50,000.00	16,666.67
SCHRÖDERS		50,000.00	50,000.00
SHELL		50,000.00	50,000.00
SOCIÉTÉ GÉNÉRALE		50,000.00	50,000.00
STANDARD & POOR'S		50,000.00	50,000.00
TELEFONICA	left 2017	50,000.00	50,000.00
TUDOR FUNDS	left 2016	0.00	33,333.33
UBER	Joined 2017	33,333.33	0.00
UNICREDIT		50,000.00	50,000.00



**SUBSCRIPTIONS - INSTITUTIONAL MEMBERS**

BANCA D'ITALIA		25,000.00	25,000.00
BANCA NAȚIONALĂ A ROMÂNIEI	Joined 2016	50,000.00	33,333.33
BANK OF ENGLAND		25,000.00	25,000.00
BANQUE CENTRALE DU LUXEMBOURG		25,000.00	25,000.00
BANQUE DE FRANCE		25,000.00	25,000.00
CAISSE DES DÉPÔTS		50,000.00	50,000.00
DANMARKS NATIONALBANK		25,000.00	25,000.00
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT		50,000.00	50,000.00
EUROPEAN INVESTMENT BANK		50,000.00	50,000.00
FUNDACION ICO		50,000.00	50,000.00
NARODOWY BANK POLSKI		25,000.00	25,000.00
SVERIGES RIKSBANK		25,000.00	25,000.00

**PROJECTS & GRANTS ANNEX****INCOME FOR RESEARCH ACTIVITIES FROM PUBLIC ORGANISATIONS**

ASIAN DEVELOPMENT BANK INSTITUTE, INCLUSIVE GROWTH PROJECT		8,260.87	12,224.60
COP 21 RIMPPLES PROJECT, FUNDED BY THE EUROPEAN COMMISSION HORIZON 2020		88,295.77	3,697.50
EUROPEAN CAPITAL FLOWS PROJECT, FUNDED BY EUROPEAN COMMISSION, DG MARKT		94,340.00	95,090.00
EUROPEAN PARLIAMENT ECON COMMITTEE		36,300.00	12,300.00
EUROPEAN PARLIAMENT IMCO COMMITTEE			23,000.00
EUROPEAN PARLIAMENT ITRE COMMITTEE		93,850.00	
EUROSTAT, STATISTICAL PROJECT		7,000.00	3,000.00

**INCOME FOR RESEARCH ACTIVITIES FROM PRIVATE ORGANISATIONS**

COMPAGNIA DI SAN PAOLO (POLICY DIALOGUE WITH EMERGING ECONOMIES PROJECT)		32,108.62	20,226.00
ECONOMIC RESEARCH INSTITUTE FOR ASEAN AND EAST ASIA (ERIA) (ASIA EUROPE CONNECTIVITY PROJECT)		0.00	886.46
EU-CELAC FORUM DIRECT COSTS		5,000.00	0.00
EU-LAC SHORT PAPER+ EVENT COSTS		8,000.00	0.00
EUROPEAN CLIMATE FOUNDATION (MAPPING OF GREEN INNOVATION PROJECT)		17,288.59	74,031.36
MASTERCARD (INCLUSIVE GROWTH IN EUROPE PROJECT)		20,962.65	107,484.21
MASTERCARD (MIGRATION IN EUROPE PROJECT)		94,300.00	0.00
MERCATOR STIFTUNG (EXPENSES FOR SILK ROAD: EUROPE EVENT)		0.00	46,258.50
MERCATOR STIFTUNG (TURKEY-EU ENERGY RELATIONS)		48,972.00	0.00
THE JAPAN FOUNDATION (EXPENSES FOR JOINT EVENT)		7,500.00	13,007.18
TOSHIBA INTERNATIONAL FOUNDATION (EXPENSES FOR JOINT EVENT)		12,000.00	12,000.00

**HONORARIA, FOR CONFERENCES, WRITTEN PIECES ETC.**

AL JAZEERA		0.00	221.62
ANALITIKA		0.00	3,000.00
ANALITIKA		335.20	0.00
ARCEP		500.00	0.00
BBC		32.16	0.00
CESIFO		500.00	0.00
CHOSUN ILB		0.00	6,648.46
CLINGENDAE		2550	0.00
COLLABORATIVE YEARBOOK 2016		0.00	1,000.00
EESC		410.00	0.00
EUROFOUND		450.00	0.00
FINANCIAL TIMES		163.49	0.00
GET ABSTRACT		950.39	0.00
NEUE ZURCHER ZEITUNG		0.00	135.31
ORF		400.00	0.00
POLITICO		150.00	0.00
PROJECT SYNDICATE		903.67	0.00
PROVOBIZZ		0.00	1,500.00
SAL OPPENHEIM		0.00	5,000.00
SERHII PASHCHUKOV		424.41	0.00
SUDEUTSCHE ZEITUNG		0.00	240.00
SUED DEUTSCHE		240.00	0.00
TRECCANI		690.00	0.00
TRIODOS		2,500.00	0.00
UNIVERSITY KOLN		250.00	0.00
VLERICK		0.00	1,500.00
WIIW		800.00	0.00

**STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF  
MEMBERS OF THE AISBL BRUEGEL  
FOR THE YEAR ENDED 31 DECEMBER 2017**

In the context of the statutory audit of the annual accounts of the Aisbl Bruegel (the association), we hereby present our statutory auditor's report. It includes our opinion on the audit of the annual accounts as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting of members of 28 April 2015, following the proposal by the board of directors. Our statutory auditor's mandate will expire on the date of the general meeting of members which will deliberate on the annual accounts closed on 31 December 2017. We have performed the statutory audit of the annual accounts of the Aisbl Bruegel for 6 consecutive years.

**Report on the audit of the annual accounts**

***Unqualified opinion***

We have audited the annual accounts of the association, which comprise the balance sheet as at 31 December 2017, the profit and loss account for the year then ended and the notes to the annual accounts, characterised by a balance sheet total of € 3.412.518 and a profit and loss account showing a positive result for the year of € 50.413.

In our opinion, the annual accounts give a true and fair view of the association's net equity and financial position as at 31 December 2017, as well as of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

***Basis for unqualified opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the '*Statutory auditor's responsibilities for the audit of the annual accounts*' section in this report. We have complied with all the ethical requirements that are relevant to the audit of annual accounts in Belgium, including those concerning independence.

We have obtained from the board of directors and the officials of the association the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Responsibilities of the board of directors for the annual accounts***

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

***Statutory auditor's responsibilities for the audit of the annual accounts***

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the annual accounts and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

## **Report on other legal and regulatory requirements**

### ***Responsibilities of the board of directors***

The board of directors is responsible for the compliance with the legal and regulatory requirements regarding bookkeeping, as well as for compliance with the Law of 27 June 1921 on non-profit organisations, foundations, European political parties and European political foundations, and with the association's by-laws.

### ***Responsibilities of the statutory auditor***

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, it is our responsibility to verify, in all material aspects, compliance with certain provisions of the Law of 27 June 1921 on non-profit organisations, foundations, European political parties and European political foundations and with the by-laws, as well as to report on these elements.

### ***Statement related to independence***

- Our audit firm did not provide services which are incompatible with the statutory audit of annual accounts, and we remained independent of the association throughout the course of our mandate.
- The fees related to additional services which are compatible with the statutory audit of annual accounts as referred to in article 17 of the Law of 27 June 1921 on non-profit organisations, foundations, European political parties and European political foundations, which refers to article 134 of the Company Code, were duly itemised and valued in the notes to the annual accounts.

***Other statements***

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no transactions undertaken or decisions taken in breach of the by-laws or of the Law of 27 June 1921 on non-profit organisations, foundations, European political parties and European political foundations that we have to report to you.

May 3, 2018

**The Statutory Auditor**



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**VRC Registered Auditors**  
Represented by Geert Keunen





**Bruegel is a European think tank specialising in economics. Established in 2005, Bruegel is independent and non-doctrinal. Its mission is to improve the quality of economic policy with open and evidence-based research, analysis and debate.**

Bruegel is registered as a Belgian international non-profit association (Association Internationale Sans But Lucratif) under the number 0867636096, with registered offices at rue de la Charité 33, B-1210 Brussels. The basis for its governance is found in its statute and bylaws.

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