



ANNUAL REPORT 2009

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Members as at the middle of July 2010. For further information about Bruegel's governance and its relationship with its members, see page 22.

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Bruegel's mission

BRUEGEL AIMS TO CONTRIBUTE TO THE QUALITY OF ECONOMIC POLICYMAKING IN EUROPE THROUGH OPEN, FACT-BASED AND POLICY-RELEVANT RESEARCH, ANALYSIS AND DISCUSSION.

Bruegel is defined by five key features:

Outward-oriented focus. More than ever, Europe must enrich its policy debates, which too often suffer from an inward-looking bias, and develop genuine policy discussions with other international economic players. Bruegel aims to contribute to a better understanding of the economic challenges and responsibilities facing Europe in the context of globalisation.

Evidence-based policy recommendations. Bruegel does not stand for any particular policy doctrine. Its research, which is conducted both in-house and through partnerships with other research organisations, draws on state-of-the-art analysis to assess economic transformations, discuss policy options and propose recommendations – while always keeping an eye on their practical feasibility.

Demand-driven questions, independent answers. Bruegel's Research Programme is set by the Board, which represents the diversity of Bruegel's stakeholders. Decisions on new research projects follow extensive discussions with Bruegel's members. Once a research topic is chosen, however, research and publications are fully independent. All publications are released under the signature of their author(s), and Bruegel itself abstains from taking any policy positions.

Linking government, research, business and civil society. At a time when policy ideas are called for, Bruegel provides a forum for informed discussions between individuals from diverse backgrounds. It builds on the diversity of experience of its stakeholders to develop interaction between communities. Bruegel also aims to cooperate with leading European and international research institutions on specific research projects.

European reach. From the outset, Bruegel has adopted a pan-European approach. It addresses topics for which policy responsibility rests with individual states, the European Union, or international organisations. It intends to develop its presence in national debates across Europe, as well as Brussels and international discussion forums.

BRUEGEL'S NAME, while referring to a 'Brussels European and Global Economic Laboratory', pays tribute to Pieter Bruegel ('the Elder'), considered one of Europe's most innovative painters in the 16th Century. Pieter Bruegel's son and nephew were also renowned painters who spelled their names 'Breughel'; Bruegel the Elder, however, signed most of his masterpieces with 'Bruegel'.

Chairman's message

'BRUEGEL MUST CONSOLIDATE THE PROGRESS MADE IN 2009. THIS WILL REQUIRE ITS MEMBERS TO PROVIDE A STRONG AND UNAMBIGUOUS STEER ABOUT THE BRUEGEL THEY WISH TO SEE.'



While 2008 saw the emergence of the crisis, 2009 was the year that witnessed a fully blown crisis both in Europe and beyond. The crisis was challenging not only in terms of policy choice, but also in terms of

institutional cohesion and governance.

Policy makers often seemed at a collective loss to get things moving again, and there was – and still is – more than just a sense of ‘muddling through’. Under such extreme circumstances, there is a need for clear thinking, attention to facts and cool analysis. We hope that Bruegel has, in some small way, contributed to keeping European policy debate ‘real’.

Last year saw Bruegel ‘come of age’ in a number of ways. In purely statistical terms, the number of Bruegel publications, events, web hits and media mentions rose markedly compared with 2008 and previous years (see data in this report). Second, and *pari passu* with global developments, Bruegel stepped up its focus on the global policy and governance debate taking place at the G20 and the IMF. Third, Bruegel responded to increased demand for fact-based expertise by the European and

global policy institutions (Commission, Parliament committees), no doubt reflecting the growing tension everywhere between partisan politics and the countervailing need for data-driven analytics in policymaking. Fourth, Bruegel has further extended its outreach work beyond the Brussels beltway to the US and Asia.

But it would be misleading to paint a panglossian picture of Bruegel's place in the policy firmament. We still have a relatively modest budget which we are working hard to consolidate through additional member and non-member resources. We are currently achieving a fine balance between macro and broad micro work on the one hand, and the demand for more specific sectoral work from our members on the other. Our membership has a golden opportunity this year to help shape how Bruegel will work in the future. The independent task force reviewing Bruegel's performance over the period 2007-2009 will report to the General Assembly in June to seek members' views on the future orientation of Bruegel's work. I very much look forward to this discussion.

Leszek Balcerowicz

Director's introduction

BRUEGEL IS PROUD TO HAVE CONTRIBUTED TO EUROPEAN POLICY THINKING IN 2009 DURING THE GLOBAL CRISIS.



During 2009, Bruegel's advice was solicited by policymakers (as for our contribution on the design of exit strategies) and offered spontaneously (as in the *Memos to the New Commission*), but we have

always aimed at keeping the blend of imagination and realism that makes analyses and proposals stimulating without making them irrelevant for pragmatic policymakers.

The global recession has now abated, but only to make way for a European crisis. Tension on some sovereign-bond markets, euro-area competitiveness strains and the ensuing debate over policy responses, raise questions about crisis management and governance reform. This is a first area where innovative thinking is called for. As the institution that in 2006 published a Policy Brief under the unfortunately premonitory title *'The euro: only for the agile'*, Bruegel intends to play its part in this crucially important conversation.

Beyond immediate, daunting concerns, growth is again on the policy agenda. But with a change. Whereas the concern in the early 2000s was the risk of Europe losing ground relative to the US, there is much more at stake now. It is crucial to enhance the continent's growth potential if Europe's public finance problems are not to become intractable and the social models it is proud of simply unaffordable. This is an area where Bruegel has long been active through research on the deep determinants of economic performance. We intend to continue relentlessly to provide frank assessments and to indicate solutions. This is

one of the reasons why we have invested resources in competitiveness, innovation, the digital agenda and the determinants of firm-level performance. We also intend to tackle issues of competition policy and regulation that are becoming even more essential in a more interventionist Europe.

2010 is, finally, a key year for the future of globalisation. In 2008-2009 policymakers worldwide rose to the challenge of the global crisis, largely resisted protectionism and engineered a global response that will go down in history as the exact opposite of the beggar-thy-neighbour attitude that prevailed in the 1930s. But the aftermath of the crisis is equally challenging, as disappointment sets in over the global financial regulation agenda, as macroeconomic asymmetries between emerging and advanced countries re-emerge and as pressure for protective national policies mounts. Taking on board the global dimension is part of Bruegel's DNA. This means research – for example on the shape and governance of globalisation and on the energy/climate-change nexus. This also means initiatives to increase our reach beyond Europe, such as those we have taken with Asian, American and Indian partners.

More than ever, Bruegel must combine investment in research fields that match the breadth of interests and demands of its members and the provide the rapid response required to make its contributions timely and relevant. The balance is not always easy to achieve. But striking this balance is a key part of our Bruegel's *raison d'être*.

Jean Pisani-Ferry

Operational review

RESEARCH

The policy agenda in 2009 was dominated by the development of the crisis and the immediate responses to it at national, European and global levels. Bruegel accordingly adopted a specially tailored research programme and decided to preserve considerable flexibility in order to be able to contribute to the policy discussion as it developed. Core investments in a few areas of strategic significance were however retained.

This approach resulted in a compact research programme distinguishing:

- *Crisis management at European and global levels and its consequences for future economic performance*: projects here addressed immediate crisis response as well as its longer term implications.
- *Longer-term challenges*: projects grouped under this heading represented ongoing investment in areas where Bruegel intended to build capabilities and contribute independently of the immediate economic circumstances.
- *A special project*: the preparation of a series of 'memos' to the new Commission, in order to set out key choices for the EU in 2010-2015.

Interaction with policymakers was especially intense around these priorities, as Bruegel aimed at providing input into a fast-evolving policy discussion.

A. CRISIS MANAGEMENT AND ITS CONSEQUENCES FOR FUTURE PERFORMANCE

Research in this area concentrated on four main areas:

- The longer-term consequences of short-term remedies. Bruegel contributed to both the Czech presidency (on the adverse effects of the crisis in the medium term and the ways to limit them) and the Swedish presidency of the EU (with a paper on exit strategies that was presented to the ECOFIN Council). It also organised workshops on exit strategies and employment policies.
- The rebuilding of the European financial system. Papers by Bruegel scholars discussed the management of the banking crisis, limitations of the strategies in place and what macroprudential supervision could achieve. Workshops and conferences, including with the IMF and the National Bank of Belgium, provided opportunities for discussing the contours of the new European financial landscape.
- The consequence of the crisis for the new member states and their integration within the EU. Issues addressed were crisis management in central and eastern Europe and the design and implementation of IMF programmes, which was the topic of a special seminar with the Managing Director of the Fund.
- The G20 dimension and its implications for global governance. Building on existing partnerships with Asian and US research institutions, Bruegel extended its network to reach out to G20 partners and position itself as a centre of relevance for G20 issues in Europe. It contributed to the UK G20 presidency.

2009 publications

- **Handle with care ! Post-crisis growth in the EU**, Policy Brief, Jean Pisani-Ferry and Bruno van Pottelsberghe, April
- **A solution for Europe's banking problem**, Policy Brief, Adam Posen and Nicolas Veron, June
- **More than one step to financial stability**, Policy Brief, Garry Schinasi, October
- **Rating agencies: an information privilege whose time has passed**, Policy Contribution, Nicolas Veron, February
- **Reshaping the global economy**, Policy Contribution, Jean Pisani-Ferry and Indhira Santos, March
- **International governance – is the G20 the right forum?**, Policy Contribution, Jean Pisani-Ferry, March
- **Weathering the storm – fair weather versus stormy weather governance in the euro area**, Policy Contribution, Jean Pisani-Ferry and André Sapir, March
- **Estimating the size of the European stimulus packages**, Policy Contribution, Jakob von Weizsäcker and David Saha, April
- **A US strategy for IFRS adoption**, Policy Contribution, Nicolas Veron, April
- **A European exit strategy**, Policy Brief, Jürgen von Hagen, Jean Pisani-Ferry and Jakob von Weizsäcker, October
- **The monetary mechanics of the crisis**, Policy Contribution, Jürgen von Hagen, August
- **The Pittsburgh G20 checklist**, Policy Contribution, Ignazio Angeloni, September
- **The G20 is not just a G7 with extra chairs**, Policy Contribution, Jean Pisani-Ferry, Agnès Bénassy-Quéré and Rajiv Kumar, September
- **Can a less boring ECB remain accountable?**, Policy Contribution, Jean Pisani-Ferry and Jakob von Weizsäcker, September
- **The Baltic challenge and euro-area entry**, Policy Contribution, Zsolt Darvas, November
- **Monetary policy on the way out of the crisis**, Policy Contribution, Jürgen von Hagen, December
- **IFRS sustainability requires further governance reform**, Policy Contribution, Nicolas Veron, December
- **The EU's role in supporting crisis-hit countries of central and eastern European countries**, Policy Contribution, Zsolt Darvas, December
- **The crisis: policy lessons and policy challenges**, Working Paper, Jean Pisani-Ferry et al, December
- **Banking crisis management in the EU: an interim assessment**, Working Paper, Jean Pisani-Ferry and André Sapir, December
- **The impact of the crisis on budget policy in central and eastern Europe**, Working Paper, Zsolt Darvas, July
- **Politics and trade: lessons from past globalisations**, Essay, Kevin O'Rourke, February

B. LONGER-TERM CHALLENGES

Research on longer-term challenges covered four main areas:

- **Climate change, energy and their consequences for growth and competitiveness:** Bruegel participated in the assessment of the consequences of climate policies, concentrating on their interrelationship with innovation and their longer-term implications on economic performance.
- **Innovation:** building on research conducted in 2008, the focus was on intellectual property and the role of young innovating companies.
- **The future of the EU policy system:** Bruegel contributed to discussions on the international role of the euro and on avenues for reforming the EU budget.
- **Globalisation and the internationalisation of European companies:** a major firm-level survey was launched within the framework of the EFIGE project to analyse the relationship between firm internationalisation and performance¹.

1. Details can be found on www.efige.org.

2009 publications

- **The euro at ten: the next global currency?**, Book, edited by Jean Pisani-Ferry and Adam Posen, June
- **Beyond Copenhagen: A climate policymaker's handbook**, Book, edited by Juan Delgado and Stephen Gardner, September
- **Beyond the WTO? An anatomy of EU and US preferential trade agreements**, Blueprint, Henrik Horn, Petros C. Mavroidis and André Sapir, February
- **Of markets, products and prices – the effects of the euro on European firms**, Blueprint, Lionel Fontagné, Thierry Mayer and Gianmarco Ottaviano, February
- **Lost property: The European patent system and why it doesn't work**, Blueprint, Bruno van Pottelsberghe, June
- **A lifeline for Europe's young radical innovators**, Policy Brief, Reinhilde Veugelers, March
- **A better process for a better budget**, Policy Brief, Susanne Neheider and Indhira Santos, July
- **No green growth without innovation**, Policy Brief, Reinhilde Veugelers, Philippe Aghion and David Hemous, November
- **EU cohesion policy: some fundamental questions**, Policy Contribution, Indhira Santos, May
- **Cold start for the innovation machine**, Policy Contribution, Philippe Aghion, Reinhilde Veugelers and Clement Serre, November
- **Economic incongruities in the European patent system**, Working Paper, Bruno van Pottelsberghe and Malwina Mejer, January.
- **The battle for talent: globalisation and the rise of executive pay**, Working Paper, Dalia Marin, February

- **Reframing the EU budget-decision-making process**, Working Paper, Indhira Santos and Susanne Neheider, May
- **Cyclical dimensions of labour mobility after EU enlargement**, Working Paper, Alan Ahearne, Herbert Brücker, Zsolt Darvas and Jakob von Weizsäcker, May
- **Cost benefit analysis of the Community patent**, Working Paper, Bruno van Pottelsberghe, December

C. MEMOS TO THE NEW COMMISSION

On the occasion of the election of the new European Parliament and the appointment of the new Commission, Bruegel prepared a series of short, non-technical memos highlighting the key challenges for the EU in the next five years, outlining the strategic options and making recommendations for effective action. This publication was widely commented and discussed and two additional memos were added to the series at end 2009-early 2010.

2009 publications

- **Memos to the new Commission – Europe's economic priorities 2010-2015**, Book, André Sapir, August
- **Memo to the Commissioner for Energy**, Policy Contribution, Georg Zachmann, December
- **Memo to the new Digital Agenda Commissioner**, Policy Contribution, Bruno Van Pottelsberghe and Reinhilde Veugelers, January 2010

For a full account of Bruegel's publication activities, please see www.bruegel.org/publications

EVENTS

Bruegel's events calendar has something to offer nearly every week, from large conferences organised with international organisations to smaller workshops, themed seminars and off-the-record dinners and publication events. Bruegel's events bring together its members with policymakers, business leaders, academics and policy-influential individuals. Our philosophy is to encourage every participant to make a contribution to the debate.

A. CONFERENCES

Bruegel organised, or coorganised, four large conferences in 2009. The first, *'After the storm: the future face of Europe's financial system'* coorganised with the **International Monetary Fund** and **National Bank of Belgium** took stock of the changes that the financial crisis resulted in for Europe's financial system and debated how public policies could build an effective, resilient and integrated financial system for a post-crisis era. Held on 23-24 March in **Brussels**, the conference included four working sessions (What impact has the crisis had so far; Managing government intervention; The consequences of crisis and EU competition policies; Crisis resolution: Where do we stand and how do we improve it) and a public event which discussed the De Larosière Report, as well as presented two panels, on *'The crisis' lessons for EU financial services and competition policy* and *'The crisis' lessons for EU financial supervisory policy*.

With more than 250 participants, this was one of Bruegel's largest conferences. It included contributions from **Joaquin Almunia** (European Commissioner for Economic and Monetary Affairs), **Nigel Wicks** (Chairman of Euroclear), **Jernej Omahen** (Executive Director, Global Investment Research, Goldman Sachs), **Matthew Sebag-Montefiore** (Oliver Wyman Financial Services), **Mojmir Hampl** (Czech National Bank), **Marco Annunziata** (UniCredit), **Philipp Hartmann** (ECB), **Pervenche Beres** (MEP, Chair of the ECON Committee), **Stefan Ingves** (Riksbank Sweden), **Vitor Gaspar**

(European Commission, BEPA), **Peter Thal Larsen** (Financial Times), **Gonzalo Capriolo** (Slovenian Ministry of Finance), **Damien Neven** (European Commission, DG Comp), **Dirk Schoenmaker** (Duisenberg School of Finance, Amsterdam), **Hans-Joachim Dübel** (Finpolconsult), **Jesus Saurina** (Bank of Spain), **Wim Fonteyne** (IMF), **Eva Hüpkens** (FINMA Switzerland), **Enrico Perotti** (University of Amsterdam), **John Berrigan** (European Commission, DG Ecfm), **Peter Praet** (National Bank of Belgium), **Marek Belka** (Head of European Department, IMF), **José Pérez Fernandez** (Chairman of Intermoney and LG member), **Rainer Masera** (Advisor to the EIB and LG member), **Freddy Van den Spiegel** (Chief Economist, Fortis), **David Wright** (European Commission, DG Markt) **André Bergen** (CEO, KBC Group), **Erik Berglof** (Chief Economist, EBRD), **Jan Pieter Krahnhen** (Director, Centre for Financial Studies), **Jan Brockmeijer** (Deputy Director, Monetary and Capital Markets Department, IMF), **Malcolm Knight** (Vice Chairman, Deutsche Bank Group), **Alexandre Lamfalussy**, and **Lucas Papademos** (Vice President, European Central Bank); as well as interventions from Bruegel senior fellow **Nicolas Véron**, director **Jean Pisani-Ferry**, chairman **Leszek Balcerowicz** and former chairman **Mario Monti** (President, Bocconi University).

On the 10-11 September, the conference *'An Ocean Apart? Comparing Transatlantic Responses to the Financial Crisis'* took place in **Rome**, organised jointly with **Banca d'Italia** and the **Peterson Institute for International Economics**. Over two days, the conference examined the underlying forces behind the crisis, their impact, and the macro responses in the EU and US and the differences in approach to the banking issue. The conference examined how the crisis would impact policy systems on both sides of the Atlantic and the global implications those differences or similarities might have were discussed.

Contributions were heard from **Fabrizio Saccomanni** (Banca d'Italia), **Gian Maria Milesi-Ferretti** (IMF), **Paolo Pesenti** (Federal Reserve

Bank of New York), **Charles Steindel** (Federal Reserve Bank of New York), **Angel Ubide** (PIIE), **Joseph Gagnon** (PIIE), **Stefan Gerlach** (Frankfurt University), **Heinz Herrmann** (Bundesbank), **Mark Horton** (IMF), **Douglas Laxton** (IMF), **Roberto Perotti** (Università Bocconi), **Randall Kroszner** (University of Chicago), **Thomas Wieser** (Economic and Financial Committee), **Thomas Glaessner** (Citigroup), **Garry Schinasi** (IMF, on sabbatical), **Peter Garber** (Deutsche Bank), **Paolo Angelini**, (Banca d'Italia), **Hans-Helmut Kotz** (Bundesbank), **Klaus Regling** (KR Economics), **Caroline Atkinson** (IMF), **Lorenzo Bini-Smaghi** (ECB), **Marco Buti** (DG Ecfm), **Edwin Truman** (PIIE), **Dave Ramsden** (UK Treasury) and Bruegel's director, **Jean Pisani-Ferry**.

Bruegel partnered with **CEPII (Centre d'études prospectives et d'informations internationales)** and **ICRIER (Indian Council for Research on International Economic Relations)** for a conference on the 14 and 15 of September entitled '*International cooperation in times of global crisis: views from G20 Countries*' in **New Delhi**. Organised as a high-level conversation on global financial and economic policy challenges, the conference examined the scope and architecture of financial regulation; accounting standards and transparency; global imbalances and the international monetary system; protectionism in trade and cross-border finance; the economic balance of power and the reform of Bretton Woods institutions as well as the future of international cooperation during a crisis.

Contributors to the conference included **Ashok Chawla** (Finance Secretary, India), **Montek Singh Ahluwalia** (Deputy Chairman, Indian Planning Commission), **Shigeo Kashiwagi** (Professor, Keio University, Japan), **Avinash Persaud** (Chairman, Intelligence Capital, UK), **Silvina Vatnick** (President, Center for Financial Stability, Argentina), **Anand Sinha** (Executive Director, Reserve Bank of India), **Louis Pauly** (Professor, University of Toronto, Canada), **Viral Acharya** (Professor, Stern School of Business, NY University), **P.R. Ravimohan** (General Manager, Reserve Bank of India), **Ku-Hyun**

Jung (Senior Advisor, Samsung Economic Research Institute, Korea), **David Vines** (Professor, Oxford University), **Manuel Ramos Francia** (Head of Research, Bank of Mexico), **Gian Maria Milesi-Ferretti** (Deputy Director, Research Department, International Monetary Fund), **Edwin M. Truman** (Senior Fellow, Peterson Institute for International Economics), **He Fan** (Chinese Academy of Social Sciences), **Dietrich Jahn** (Head of Monetary Policies directorate, Ministry of Finance, Germany), **Bimal Jalan** (Member of Parliament, India), **Andrew Sheng** (Professor, University of Malaya), **Peter Draper** (South African Institute of International Affairs), **Tang Min** (Deputy Secretary General, China Development Research Foundation), **Bibek Debroy** (Professor, Centre for Policy Research, India), **Natalia Volchkova** (New Economic School, Centre for Economic and Financial Research, Russia), **Suman Bery** (Director General, National Council for Applied Economic Research, India), **Marcio Wohlers** (Director of Sectorial Studies, IPEA, Brazil), **Jean-Joseph Boillot** (Euro-India Economic Business Group), **Pierre Jaillet** (Director General, Economics and International Relations, Banque de France), **Stormy-Annika Mildner** (German Institute for International and Security Affairs) and **Tim Callen** (Senior Member, External Relations Department, International Monetary Fund), as well as contributions from the organising institutions: **Rajiv Kumar** (Director of ICRIER), **Agnès Bénassy-Quéré** (Director of CEPII) and Bruegel's director **Jean Pisani-Ferry**; with **Nicolas Véron** (Bruegel), **Olena Havrylchyk** (CEPII) and **Shankar Acharya** (ICRIER).

The fourth conference was organised under the banner of the Asia Europe Economic Forum (see page 17).

B. WORKSHOPS

Eight workshops were organised in 2009, all but one held in Bruegel's new meeting room at the office in Brussels. These smaller-scale events typically involve 20 to 30 experts and policymakers for discussion on relevant policy issues.

30 March: *'European research area: past and future'* looked at the role the European Research Area might play in improving Europe's long-term competitiveness by assessing the achievements of ERA and the adequacy of existing policy instruments and targets. Contributors included Bruegel director **Jean Pisani-Ferry**, senior fellows **Bruno van Pottelsberghe**, **Reinhilde Veugelers** and **André Sapir** and non-resident senior fellow **Philippe Aghion** from Bruegel, and **Isi Saragossi** (European Commission, DG Research), **Pierre Vigier** (European Commission, DG Research), **Michael Keenan** (OECD), **Marc Ivaldi** (University of Toulouse), **Luke Georghiou** (University of Manchester) and **Janez Potocnik**, then European Commissioner for Science and Research.

28 April: *'The crisis and beyond: policy options for the new member states and candidate countries of the EU'* was organised with the European Commission's DG ECFIN. The workshop focused entirely on discussion, with sessions chaired by Bruegel's chairman, **Leszek Balcerowicz** and DG ECFIN's director general, **Marco Buti**.

25 June: *'Where is the exit? Towards and exit strategy from crisis management mode'* examined how policymakers might eventually move from crisis management mode back to normality, addressing the questions of potential versus actual growth after the crisis; the barriers to exiting from private sector support and the merits of a coordinated exit. As well as interventions from the Bruegel team (**Jean Pisani-Ferry**, **Jakob von Weizsäcker**, **Alan Ahearne** and **Jürgen Von Hagen**), the workshop heard from **Stéphanie Guichard** (OECD), **Coen Teulings** (CPB, Netherlands), **Xavier Freixas** (Pompeu Fabra University), **Marco Buti** (European Commission, DG ECFIN), **Thomas Wieser** (Chair of the EFC and Director General for Economic Policy and Financial Markets, Austrian Federal Ministry of Finance).

30 June: Bruegel hosted the **Institute for Communication Economics at Ludwig-Maximilians University** (LMU, Munich), the

London School of Economics (LSE) and the **Anglo German Foundation** (ZEW) for the closing event of an international research programme on creating sustainable growth in Europe. The conference covered four areas, management practices, innovation, ICT and the environment. Bruegel senior fellows **Reinhilde Veugelers** and **Bruno van Pottelsberghe** contributed to the programme, along with **Ray Cunningham** (AGF), **Tobias Kretschmer** (LMU), **John van Reenen** (CEP/LSE), **Nick Bloom** (Stanford), **Isabelle Grillo** (European Commission, DG ENTR), **Elisabeth Müller** (ZEW), **Birgit Aschhoff** (ZEW), **Mirko Draca** (CEP/LSE), **Christos Genakos** (Cambridge) and **Ralf Martin** (CEP/LSE).

7 September: Bruegel organised, with the **International Monetary Fund**, a workshop entitled *'Early lessons from IMF-supported programmes in emerging Europe'*. The event provided an opportunity to discuss the IMF's new approach to conditional assistance programmes, and to hear the views of countries under such programmes. Contributions were made by **Dominique Strauss-Kahn** (IMF Managing Director), **Reza Moghadam** (Director, IMF Strategy, Policy, and Review Department), **Charles Wyplosz** (Graduate Institute for International Studies, Geneva), **Joaquin Almunia** (European Commissioner for Economic and Financial Affairs), **Lorenzo Bini Smaghi** (Member of the Executive Board, European Central Bank), **Wolfgang Münchau** (Financial Times), **Lorenzo Giorgianni** (IMF Strategy, Policy, and Review Department), **György Kopits** (Hungarian Fiscal Council), **Erik Berglöf** (Chief Economist and Special Advisor to the President, European Bank for Reconstruction and Development), **James Roaf** (IMF Strategy, Policy, and Review Department), **Daniel Daianu** (former Member, European Parliament), **Sharon Bowles** (incoming Chair of the Economic and Monetary Affairs Committee, European Parliament), **Poul Thomsen** (European Department, IMF), and Bruegel's chairman, **Leszek Balcerowicz** and director **Jean Pisani-Ferry**.

11 November: Bruegel co-organised a works-

hop with the **German Institute for the Study of Labour (IZA)** on *'Post-crisis challenges for employment policy in Europe'*. The event examined short term fixes and structural remedies, addressing the European dimension and tackling rising unemployment in member states. The workshop heard from Bruegel director **Jean Pisani-Ferry**, Bruegel research fellow **Jakob von Weizsäcker**, IZA Director **Klaus F. Zimmermann**, and IZA fellows **Werner Eichhorst** and **Hilmar Schneider**. Contributions were also made by **Robert Verrue** (European Commission, DG Employment), **Francis Kramarz** (INSEE-CREST), **Gert-Jan Koopman** (European Commission, DG ECFIN), **Xavier Prats-Monné** (European Commission, DG Employment), **Florentino Felgueroso** (Oviedo), **Ronnie Schöb** (FU Berlin), **David Bell** (Stirling), **Pervenche Berès MEP** (Chair of Employment Committee, EP) and **Thomas Mann MEP** (Vice-Chair of Employment Committee, European Parliament).

19 November: *'Europe's future financial landscape'* heard contributions from **Jernej Omahen** (Global Investment Research, Goldman Sachs), **Barbara Ridpath** (Chief Executive, International Centre for Financial Regulation, London), **Elena Carletti** (Professor, European University Institute, Florence), **Hans Degryse** (Professor of Financial Intermediation and Markets, Tilburg University), **Alberto Giovannini** (CEO, Unifortune Asset Management), **Nigel Wicks** (Chairman, Euroclear) and **Thomas Wieser** (Chair of the EFC and Director General for Economic Policy and Financial Markets, Austrian Federal Ministry of Finance). Bruegel's **Jean Pisani-Ferry** and **Nicolas Véron** also contributed. The workshop compared the financial landscape pre- and post-crisis, and examined efficiency and risk in the European system.

23 November: At a workshop held at the National Bank of Belgium, Bruegel and partners **Sveriges Riksbank** and the **National Bank of Belgium** discussed *'Strengthening the crisis resolution framework in the EU'*. It assessed the market fragmentation risk as well as how

to strengthen the crisis resolution framework, including burden sharing and resolution mechanisms. Contributions were heard from **Stephan Pache** (Deutsche Bank AG), **Sergio Lugaresi** (UniCredit Group), **Jacob Grinbaum** (Nordea), **Richard Meddings** (Standard Chartered), **Robert Le Blanc** (Barclays), **Giovanni Carosio** (CEBS), **David Strachan** (FSA), **Geof Mortlock** (Australian Prudential Regulation Authority), **Mike Krimminger** (FDIC), **David Wright** (European Commission), **Wim Fonteyne** (IMF) and **Peter Nyberg** (Ministry of Finance, Finland).

C. POLICY PANELS AND PUBLICATION LAUNCHES

When the timing and the topic merit, Bruegel organises policy panels and other events to launch its publications to members, the press and policymakers. During 2009, most of Bruegel's major publications were presented at a launch event:

3 February: A policy panel entitled *'Preferential trade agreements and the WTO'* was held at the Residence Palace in Brussels, to launch the Blueprint *'Beyond the WTO? An anatomy of EU and US preferential trade agreements'*. The authors, **Henrik Horn**, **Petros C. Mavroidis** and **André Sapir**, were joined on the panel by **Jaimini Bhagwati**, India's ambassador to the EU.

10 February: A policy panel was organised to launch the second Blueprint of the EFIGE project, *'Of markets, products and prices: the effects of the euro on European firms'*. The authors, **Lionel Fontagné** (Paris School of Economics), **Thierry Mayer** (Paris School of Economics) and **Gianmarco Ottaviano** (Bocconi University and non-resident senior fellow at Bruegel) were joined by **Gert-Jan Koopman** (Director, European Commission, DG ECFIN) and **Dariusz Rosati MEP**.

25 February: Bruegel hosted the launch of the *European Economic Advisory Group's Report on the European Economy* produced by partner research institution **CESifo**, Munich. Two of the report's authors, **Hans-Werner Sinn** (President, Ifo Institute for Economic Research and

Professor, University of Munich) and **Gilles Saint-Paul** (Professor, University of Toulouse) were joined by European Commissioner for Economic and Financial Affairs **Joaquín Almunia** and Bruegel's director **Jean Pisani-Ferry**.

16 April: The Policy Brief '*Handle with care! Post-crisis growth in the EU*' was launched at Bruegel by authors **Jean Pisani-Ferry** and **Bruno van Pottelsberghe**.

13 May: '*A development emergency*' was the title of the event which launched the '*Global Monitoring Report 2009*' prepared by the **World Bank** and the **International Monetary Fund**. Lead author **Zia Qureshi** (Senior Advisor to the World Bank) presented the report with comments from Director General of the European Commission's DG DEV, **Stefano Manservigi** and **Nuria Molina** of EURODAD (European Network on Debt and Development).

11 June: The Policy Brief '*A solution for Europe's banking problem*' by **Adam Posen** (Deputy Director, Peterson Institute for International Economics) and **Nicolas Véron** (Senior Fellow, Bruegel) was presented by **Nicolas Véron** at Bruegel's offices in Brussels.

16 June: '*The euro: global or regional currency?*' was the title of the panel which launched the Bruegel-Peterson Institute for International Economics book '*The euro at ten: the next global currency?*' in Brussels. The panel was made up of European Commissioner for Economic and Financial Affairs, **Joaquín Almunia**, Bruegel's director, **Jean Pisani-Ferry**, **Adam Posen** (Deputy Director, Peterson Institute for International Economics) and **Tommaso Padoa Schioppa** (Chairman, Notre Europe).

29 June: Bruegel senior fellow **Bruno van Pottelsberghe** was joined by **Margot Fröhlinger**, Director of the Knowledge Based Economy unit at the European Commission's DG MARKT, for the launch of the Blueprint, '*Lost property: the European patent system and why it doesn't work*'.

1 September: Bruegel launched its '*Memos to the new Commission*' at a policy panel at Residence Palace, Brussels. Joining Bruegel's director **Jean Pisani-Ferry** and senior fellow **André Sapir**, were **Elmar Brok** MEP (Member of the Group of the European People's Party), **Daniel Cohn-Bendit** MEP (Co-president of the European Greens–European Free Alliance group), **Annemie Neyts-Uyttebroeck** MEP (President European Liberal, Democrat and Reform Party) and **Poul Nyrup Rasmussen** (President of the Party of European Socialists).

23 November: Bruegel launched the last Policy Brief of the year, '*No green growth without innovation*' in an event led by two of the authors, **Philippe Aghion** (Bruegel non-resident senior fellow and Harvard professor) and **Reinhilde Veugelers** (Bruegel senior fellow and KUL professor).

15 December: The same Policy Brief, '*No green growth without innovation*' was also presented at the UNFCCC COP 15 in Copenhagen with a policy panel at the Danish Radio Studios. The policy panel included the three authors, **Philippe Aghion** (non-resident senior fellow at Bruegel and Harvard professor), **Reinhilde Veugelers** (Bruegel senior fellow and KUL professor) and **David Hemous** (Harvard University), along with **Per Callesen** (Deputy Permanent Secretary, Ministry of Finance, Denmark) and **Nigel Purvis** (President, Climate Advisors; Fellow, German Marshall Fund). It was chaired by Bruegel's director, **Jean Pisani-Ferry** in partnership with the German Marshall Fund.

D. SEMINARS

In addition to workshops and conferences related to the research programme, Bruegel also holds regular discussions and seminars in four events series: **lunchtalk@bruegel**, **Economic Policy Seminar**, **Finance Focus Breakfast** and **Energy and Climate Exchange**.

The **lunchtalk@bruegel** series typically highlights a topic of current interest presented by a guest speaker with a response from an

expert in the same field. During 2009 Bruegel held **nine** lunchtalks:

- 29 January: *'The importance of transatlantic relations'* with **Faryar Shirzad** (The Goldman Sachs Group).
- 17 February: *'Should euro area governments issues joint eurobonds?'* with **Jacques Delpla** (Member of the Conseil d'analyse économique, France) and **Thomas Mayer** (Co-head of Global Economics and Chief European Economist, Deutsche Bank) as discussant.
- 4 June: *'Coping with the crisis: what's next for Ireland'* with **Alan Ahearne** (Special Advisor to Minister for Finance Brian Lenihan, Ireland, and non-resident research fellow, Bruegel).
- 12 June: *'The future of the motor vehicle block exemption regulation'* was a joint event with the **European School of Management and Technology** (ESMT) in Berlin. ESMT President and Bruegel non-resident senior fellow, **Lars-Hendrik Röller** presented the ESMT report and **Nadia Calvino** (DG COMP, European Commission) was discussant.
- 17 September: *'Make it or brake it? Assessing the German debt brake'* with **Christian Kastrop** (Ministry of Finance, Germany) and **Xavier Timbeau** (OFCE) as discussant.
- 13 October: *'What can macroprudential supervision achieve?'* with **Adam Posen** (Monetary Policy Committee, Bank of England) and **Garry Schinasi** (on Sabbatical from the International Monetary Fund).
- 6 November: *'Rethinking Europe's strategy for growth'* with **Lord Mandelson** (First Secretary of State, Secretary of State for Business, Innovation and Skills, UK) and **André Sapir** (senior fellow, Bruegel; professor, Université Libre de Bruxelles) as discussant.
- 30 November: *'Sequencing the exit'* with **Wolfgang Münchau** (Financial Times and Eurointelligence), **Lucio Pench** (European Commission, DG ECFIN) and **Jean Pisani-Ferry** and **Jakob von Weizsäcker** of Bruegel.
- 1 December, *'Broadband infrastructure and*

economic growth' with **Ludger Woessmann** (IfO, University of Munich) and **Tobias Kretschmer** (ICE, University of Munich) with **Lucilla Sioli** (European Commission, DG INFSO) as discussant.

The **Bruegel Economic Policy Seminar**, coordinated by Research Fellow Zsolt Darvas, had seven sessions in 2009. These provided an opportunity for speakers to present academic papers before their peers and public policy stakeholders for informed debate.

- 24 February: *'Natural resources: boom or doom? Evidence from oil discoveries in Brazil'* with **Francesco Caselli** (London School of Economics).
- 22 June: *'The financial crisis: causes, consequences and cures'* with **Bengt Holmstrom** (Professor, Massachusetts Institute of Technology) and **Nicolas Véron** (Bruegel).
- 24 June: *'From theory to practice: has economic analysis improved regulatory decisions?'* with **Robert W. Hahn** (AEI Centre for Regulatory and Market Studies).
- 29 June: *'Trade imbalances and exchange rates: conditions for the unwinding of global trade imbalances'* with **Matthieu Bussiere** (European Central Bank) and **Massimo Suardi** (European Commission, DG ECFIN) as discussant.
- 6 July: *'Climate change and growth: the role of technical change and what public policy can do about it'* with **Philippe Aghion** (Harvard University and non-resident senior fellow, Bruegel) and **Jos Delbeke** (European Commission, DG Environment) as discussant.
- 20 October: *'Chinese inventors: new inputs into European knowledge creation'* with **Rachel Griffith** (Institute for Fiscal Studies and University College London) and **Joep Konings** (European Commission Bureau of European Policy Advisers) as discussant.
- 26 November: *'Cross-country causes and consequences of the 2008 crisis; international linkages and American exposure'* with **Andrew K. Rose** (University of California, Berkeley) and **Robert Kollmann** (Université

Libre de Bruxelles) as discussant.

The **Finance Focus Breakfast** series, coordinated by senior fellow Nicolas Véron, is specifically targeted at market participants, policymakers and academics interested in financial market issues. Nine sessions were held in 2009:

- 21 January: *'Financial market developments in the Middle East'* with **Dimyanos Kattar** (Independent consultant, former Finance Minister of Lebanon).
- 31 March: *'Financial hubs in the crisis: who loses, who wins?'* with **Michael Mainelli** (Director, Z/Yen Group Limited) and **Steffen Kern** (Deutsche Bank Research).
- 16 April: *'European banking supervision: time to be specific'* with **Giorgio Barba Navaretti** (Professor of Economics, University of Milan), **Guido Ferrarini** (Professor of Law, Univ. of Genoa and Vice-Chair, Eur. Corporate Governance Institute), **Carmine Lamanda** (Head of Institutional and Regulatory Strategic Affairs, UniCredit Group) and **Sebastian Fairhurst** (Manager, European Financial Services Round Table) as discussant.
- 5 May: *'The key challenges of financial regulatory reform'* with **Charles Goodhart** (Professor Emeritus of Banking and Finance and Financial Markets Group Director, London School of Economics) and **Daniel Gros** (Director, Centre for European Policy Studies) as discussant.
- 23 June: *'Accounting standards and financial asset liquidity'* with **Elena Carletti** (Professor, European University Institute) and **Philippe Danjou** (Board Member, International Accounting Standards Board) as discussant.
- 3 September: *'Are they coming? Perspectives on Chinese companies' direct investment into the EU'* with **Thilo Hanemann** (Research Analyst, The Rhodium Group) and **Francisco Caballero-Sanz** (DG Markt, European Commission) as discussant.
- 6 October: *'The role of corporate governance in the current financial crisis'* with **Pedro Matos** (Assistant Professor of Finance,

Marshall Business School, University of Southern California) and **Patrick Pearson** (Head of Unit, Banking and Financial Conglomerates, DG Markt, European Commission) as discussant.

- 3 November: *'Europe's savings industry: does supply match demand?'* with **David Bowers** (Joint Managing Director and Co-founder of Absolute Strategy Research).
- 10 December: *'Cross-border bank resolution regimes: a global perspective on the European debate'* with **Chris Bates** (Partner at Clifford Chance LLP, London), **Barbara Ridpath** (Chief Executive of the International Centre for Financial Regulation, London) and **Laura Segni** (Adviser to Italian Economy and Finance Minister Giulio Tremonti).

The **Energy and Climate Exchange** series was launched in 2008 and was coordinated by senior fellow Reinhilde Veugelers in 2009. It was designed as a reference discussion forum in Brussels for professionals in the energy and climate change fields and other interested parties (academia and think tanks, policy institutions, selected press, business, NGOs and civil society) to discuss issues related to the economics of energy and climate change policies. Two sessions were held in 2009 (and a full programme has already been planned for 2010):

- 28 September: *'Identifying the causal effect of carbon taxes: an evaluation of the UK climate change levy'* with **Ralf Martin** (London School of Economics).
- 9 November: *'The US climate debate and the prospects for Copenhagen'* with **Cathleen Kelly** (Director, Climate and Energy Programme, German Marshall Fund of the United States).

E. ANNUAL MEETING

On 15 June Bruegel held its fourth **Annual Meeting** bringing together Members, Board and staff at the Theatre du Vaudeville in Galerie de la Reine in the centre of Brussels. This year, as a gesture towards saving time and money

during the crisis, the Annual Meeting took place over one day instead of two.

The traditional dinner address was given this year by **Ivan Krastev**, Chairman of the Board and Programme Director of the Centre for Liberal Strategies in Sofia, Bulgaria. The theme of the Annual Meeting was *'Europe: what needs to be done in the next five years'* and the focus was on Bruegel's *'Memos to the new Commission'*, then in the planning stage (published on September 1). Bruegel's scholars presented their memos to the new European Commission, which were then debated by Bruegel's members.

F. BRUEGEL ECONOMIC CLUB

In 2009 Bruegel introduced a new event format to create an opportunity in Brussels for high-level, off-the-record debate and discussion on current economic topics amongst policymakers and policy influencers. The **Bruegel Economic Club** is a group of about 30 policymakers, academics, advisors and business leaders who meet a few times a year over dinner to debate with a guest from outside Brussels. The first Bruegel Economic Club dinner was held on February 24, with **Lloyd Blankfein**, Chairman and CEO of Goldman Sachs Group. The club is convened by Bruegel Senior Fellow and Professor of Economics at ULB, **André Sapir**. At the time of writing of this report the club had met three times in 2010.

G. ASIA-EUROPE ECONOMIC FORUM

With a growing recognition for the need to diversify and consolidate the linkage between economists and practitioners from Asia and Europe, five institutions from Asia and Europe, led by Bruegel, agreed in 2006 to establish the

Asia Europe Economic Forum (AEEF) to serve as a high-level forum, giving Asian and European policy experts an occasion for in-depth research-based exchanges on global issues of mutual interest. AEEF now has seven members: the **Asian Development Bank Institute** (Japan); **Bruegel**; **Centre d'études prospectives et d'information internationale** (France); the **Chinese Academy of Social Sciences** (China); **Keio University** (Japan); **Kiel Institute for the World Economy** (Germany) and **Korea University** (Korea).

2009's annual AEEF conference took place on 7-8 July at the **Kiel Institute for the World Economy** in Germany. Under the theme *'Crisis developments and long-term global responses: insights from Asia and Europe'*, the conference examined the policy responses to the crisis in Europe and Asia; the future of global monetary arrangements; and global regulatory reform. Contributions were heard from **Frank Moss** (ECB), **Masahiro Kawai** (ADB), **Dennis Snower** (Kiel Institute for the World Economy), **Moreno Bertoldi** (European Commission), **Huang Yiping** (Beijing University), **Kyung-Tae Lee** (Institute for International Trade), **Zhan Liquing** (Central University of Finance and Economics), **Yu Yongding** (Chinese Academy of Social Sciences), **Agnès Benassy-Quéré** (CEPII), **Natacha Valla** (Goldman Sachs), **Kim Kyung-Soo** (Bank of Korea), **Cho Yoon-Je** (Former Ambassador to the UK), **Yung Chul Park** (Korea University), **Steffen Dyck** (Deutsche Bank Research), **Jin Luo** (Deputy DG of Financial Stability Bureau, People's Bank Of China), **Ignazio Angeloni** (European Central Bank), **Yang Jinlin** (Ministry of Finance, China) and **Jung Ku-Hyun** (SERI). Bruegel director **Jean Pisani-Ferry** and senior fellows **André Sapir** and **Nicolas Véron** also took part.

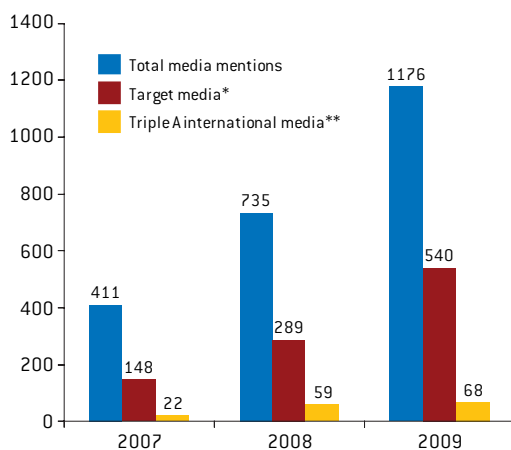
MEDIA IMPACT

Bruegel's media presence increased considerably in 2009. Media coverage increased by 60 percent with 1,176 mentions of Bruegel in monitored press, compared to 735 in 2008.

During 2009, the Bruegel communications team introduced a communications strategy that defines specific media targets. The main focus has been printed publications identified as 'Triple A' international media: The Financial Times, International Herald Tribune, New York Times, Wall Street Journal, The Economist, Time and Newsweek. Other target media includes the main publications in the EU's seven largest countries, and Brussels-based media covering EU policy.

Coverage in target media increased by 25 percent in 2009. In the 'Triple A' media, the number of mentions of Bruegel has grown by 15 percent, to 68 mentions during 2009.

Figure 1: Total media mentions 2007-09



* Target Media includes Financial Times, International Herald Tribune/New York Times, Wall Street Journal, The Economist, Time, Newsweek, European Voice, Dow Jones, Bloomberg, Thomson Reuters, Agence France Press, Associated Press, Euractiv, Europolitics/Europolitique, VOXeu, EUobserver, Le Monde, La Tribune, Les Echos, Handelsblatt, FT Deutschland, Die Welt, FAZ, La Repubblica, Il Corriere della Sera, Il Sole 240re, El Pais, El Mundo, Expansión, The Times, The Guardian, Gazeta Wyborcza, Rzeczpospolita, De Telegraaf, NRC Handelsblad.

** Triple A international media: Financial Times, International Herald Tribune/New York Times, Wall Street Journal, The Economist, Time and Newsweek.

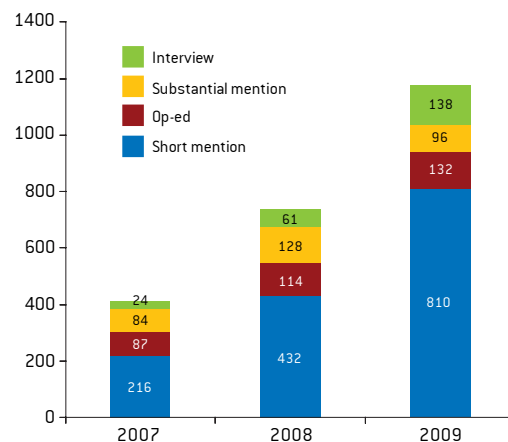
Note: One mention is one or more citations of Bruegel in a single article. Source: Factiva and Bruegel's own monitoring.

In terms of the type of article published, the distribution has remained stable compared to 2008, with 69 percent of mentions of the Bruegel name being 'short' mentions, eight percent being 'substantial' mentions, 12 percent interviews with Bruegel scholars, and 11 percent opinion pieces and columns written by Bruegel research staff. Of the 132 opinion pieces published, 57 were in target media. 'Short' mentions are mostly quotes from Bruegel scholars who have been asked for their views on an economic topic. The increasing profile of Bruegel scholars is illustrated by the number of times they are consulted for their opinions, and by the four percent increase in media interviews of scholars in 2009 compared to 2008.

Looking at geographical spread, Bruegel has been cited by media in more than 75 countries in different regions, with a prominent presence in European media, where 68 percent of mentions appeared. In international media (ie media with readership in more than one region), the number of mentions increased more than doubled to 196 in 2009 compared to 94 mentions the previous year.

During 2009, Bruegel scholars gave more than 100 interviews to broadcast media. Work has also been done to ensure that Bruegel is current in economic blogs, which are influential especially on energy and climate change questions.

Figure 2: Type of media mention 2007-09



The Bruegel communications team has implemented an enhanced media tracking procedure, with the aim of providing more accurate figures, thus giving a basis for a better definition of the communications strategy.

WEBSITE

Bruegel's website is the backbone of Bruegel's communications strategy as it enables access to all Bruegel publications, which are archived online. It is also a platform for the promotion of events and other Bruegel activities.

A redesigned website went live on 28 June 2009, featuring better content architecture to accommodate the increasing volume of material produced by Bruegel. Between the launch and the end of 2009, the website received 201,864 hits from 31,834 unique visitors. Most visits were from Europe and the United States, though overall the website recorded hits from more than 100 countries.

It is interesting to note that website visits picked during the first week of September 2009, with 2,400 unique visits during the week. This was the week when Bruegel published its 'Memos to the new Commission' (see page 9 for details). Unique visits were also high – at 2,626 – for the week commencing 29 November 2009, during which 'No green growth without innovation' (Bruegel Policy Brief 2009/07) was published, just ahead of the December 2009 Copenhagen Climate Summit.

Team Development

The following individuals joined Bruegel during 2009:

Juan Ignacio Aldasoro, *Research Assistant* joined Bruegel in September. He holds an MSc in economics from the University of Buenos Aires and also studied at the Advanced Studies Programme in International Economic Policy Research at the Kiel Institute for the World Economy. Before joining Bruegel, he worked as a research assistant at the Kiel Institute. He has also worked as an economist at the Argentinean consulting firm M&S Consultores and as a statistics assistant at the Fundación de Investigaciones Económicas Latinoamericanas (FIEL), a think tank in Argentina.

Carlo Altomonte, *Visiting Fellow* joined Bruegel in September. He is Associate Professor of Economics of European Integration at Bocconi University in Milan and teaches International Business Environment at SDA Bocconi School of Management. A graduate *cum laude* in International Economics at Bocconi University, he has a PhD in applied economics from Leuven University (KUL), Belgium. He also holds a MA in economics from UCL-Belgium (1996) and a Doctoral Degree in international economic law from Bocconi University (1999). His main areas of research are European economic policy, industrial economics and economic geography, theory of multinational corporations and foreign direct investment.

Tommaso Aquilante, *Research Assistant, EFIGE project* joined Bruegel in September. He was awarded his BA and MSc in economics from Bocconi

University in Milan. He is currently a PhD student in quantitative economics at the European Centre for Advanced Research in Economics and Statistics in Brussels. Before joining Bruegel, he worked as a research assistant in the Econometric Modelling Division of the Directorate General Research, European Central Bank, Frankfurt. He also worked at Fondazione Eni Enrico Mattei and at Bocconi University.

Elodie Colson, *Assistant to the Research Manager* joined Bruegel as an intern, later becoming a part-time assistant to the Research Manager, administering the European Firms in a Global Economy (EFIGE) project (funded by the European Commission). She graduated from the Facultés Universitaires Saint Louis (UCL) with a bachelors in political science. She is currently enrolled in a Masters programme in European studies at the Institute of European Studies, Université libre de Bruxelles.

Naiara Martinez, *Communications Manager* joined Bruegel in September, initially to cover a maternity leave, and subsequently appointed Communications Manager in February 2010. Previously she worked at Brunswick in London as a corporate communications consultant, and in the corporate communications department of Amadeus IT Group, Madrid.

Mauricio Nakahodo, *Research Assistant* joined Bruegel in September. He holds a Masters in applied economics from the Federal University of Rio Grande do Sul. He was also a student on the Advanced Studies Programme in International Economics at the Kiel Institute for the World Economy. He has worked as an

economist for the Brazil unit of ABN AMRO bank, and for the Sao Paulo Mercantile, Futures and Stock Exchange. He has also worked as a research assistant in international trade for the Kiel Institute.

Sarah Roblain, *Administrative Assistant* joined Bruegel in September. She holds a bachelors in communications from the Institut Supérieur de Formation Sociale et de Communication (ISFSC) in Brussels. Previously, she worked as marketing communications coordinator, MCI Group, Brussels.

Garry Schinasi, *Visiting Fellow* joined Bruegel in October. He is on sabbatical from the International Monetary Fund, where he has worked since 1990, focusing on global finance and financial stability. While on sabbatical he is working as an independent researcher and advisor on global and European financial stability. He received his PhD in economics from Columbia University in 1979 and for the next decade held staff positions at the Board of Governors of the US Federal Reserve System before joining the IMF. His research interests include: safeguarding global financial stability; European financial crisis management; international financial architecture and global governance; monetary and macroeconomic policy; and applied economic theory.

Clément Serre, *Research Assistant* joined Bruegel in September. He holds a Masters degree in international and development economics from the Université Paris Dauphine. He worked on climate policy during previous internships at the CNRS research centre on environmental economics, and at the Fondation Nicolas Hulot, a French non-governmental organisation.

Ann Van Gyseghem, *Executive Assistant* joined Bruegel in January as executive assistant to the Director, and events coordinator. She has since been assigned to provide executive assistance to both the Director and the Director for Development and Communications (and relieved from events coordination). She has a Masters degree in translation from

Antwerp University and a teacher's certificate. Prior to joining Bruegel she worked as an executive assistant in various international companies.

Hélène Vuillermet, *Research Assistant* joined Bruegel in August. She has a Masters in economics from the Paris School of Economics. She studied economics and philosophy at the Ecole Normale Supérieure, Paris, and she was a visiting student at Princeton University's Economics Department in 2007-2008. Her main research interests are international macroeconomics and fiscal policy.

Georg Zachmann, *Research Fellow* joined Bruegel in September. He is a member of the German Advisory Group in Ukraine and the German Economic Team in Belarus, advising policymakers in these countries on energy sector issues. Previously he worked at LARSEN in Paris, at the German Ministry of Finance and at the German Institute for Economic Research (DIW Berlin). Georg defended his PhD thesis at Dresden University of Technology and holds a Diploma in economics from Humboldt University Berlin. His research is focused on the energy sector, in particular electricity markets.

*During the course of 2009 Bruegel also benefited from the work of **Kristina Morkunaite** (Research Assistant, September-December) and **Renu Sabherwal** (Director for Development and Communications, May 2009 to January 2010) and **Vanessa Witkowski** (Communications Manager). Bruegel is also grateful to all the students who completed internships during 2009: **Alison Barry**, **Guillaume Liegy**, **Daniela Hernandez**, **Jared Miller**, **Ashraf Saheb** and **Joel Strange**.*

Governance

BRUEGEL'S GOVERNANCE FRAMEWORK IS DESIGNED TO ENSURE BOTH THE INDEPENDENCE OF ITS RESEARCH AND ITS RELEVANCE TO DIVERSE STAKEHOLDERS.

Bruegel is registered as a Belgian international non-profit association (*Association Internationale Sans But Lucratif*) under the number 0867636096, with registered office on Rue de la Charité 33, B-1210 Brussels. The basis for its governance is formed by its statute and bylaws, both of which can be downloaded from Bruegel's website.

In 2009 the association had three categories of **Member**. State Members are governments of Member states of the European Union which have chosen to join Bruegel; Corporate Members are international firms whose request for membership has been approved by Bruegel's Board; and Institutional Members currently includes the European Investment Bank and the EBRD. Bruegel also cooperates with selected **Partner Research Institutions**, which are represented on Bruegel's Board and pay a token membership fee.

Each member appoints a Senior Contact Person and an Alternate, who represent the member in Bruegel's governance bodies. The details of Members' financial contributions are given in the 'Financials' section of this report.

The **General Assembly** is Bruegel's highest governing body, which consists of all members. The General Assembly is complemented by so called 'Groups' which are formed, respectively, by Bruegel's state and corporate members. The General Administration Body (*organe d'administration générale* under Belgian law) is the Board, which is entrusted with broad decision-making powers, including senior recruitments and the research programme. The Board has no responsibility for publications and policy positions.

In 2009, the General Assembly met on 15 June for its statutory annual meeting and again on 12 November to agree subscription levels for 2010 and approve the budget. The Group of States and Group of Corporate Members also met on the same days.

Bruegel's **Board** met three times in 2009, on 2 February, 15 June and 25 September, with an average attendance rate of 76 percent. It has two established sub-committees, the **Audit Committee** chaired by Helen Wallace and the **Compensation Committee** chaired by Leszek Balcerowicz.

The **Scientific Council** consists of eight internationally recognised economists, appointed by the Board for a three-year mandate. It advises Bruegel's Board and Director and assesses the scientific quality of Bruegel's output. During 2009 the Scientific Council's chair passed from Paul Seabright to Giuseppe Bertola.

Bruegel's **Research Programme** is currently prepared annually. Based on extensive consultation with Bruegel's members, including at least one plenary meeting of members' Senior Economists (in November), a draft programme is prepared by Bruegel's staff, sent to members for consultation, and proposed to the Board together with the members' feedback. The Board then adopts a research programme. In 2009 Bruegel's Board, members and management made preparations for a 'twin peaks' model of Research Programme: the annual programme will be supplemented by a document outlining medium-term research priorities agreed by the same process. All of Bruegel's research programmes since 2006 can be downloaded from Bruegel's website.

Bruegel's research in 2009 benefited from funding in addition to members' subscriptions. In September, Bruegel was awarded a grant by the **European Parliament's Economic and Scientific Policy Department** to provide briefing notes giving an independent analysis of the European Central Bank's monetary policy, and providing an evaluation of general issues. The same European Parliament department also made a small grant to Bruegel in January to update its briefing paper on Euro-pean recovery programmes by estimating the size of European stimulus packages in 2009.

Bruegel also received from the **European Climate Foundation** a contribution towards the funding of Bruegel's Energy and Climate Exchange event series. The grant covers events from September 2009 to June 2010.

Bruegel's strategic partnership with the **German Marshall Fund of the United States (GMF)** continued in 2009, with the GMF granting Bruegel funding for its research on the crisis, climate change and central and eastern Europe. Bruegel's agreement with GMF extends into 2010, with GMF continuing to fund research in these three areas, as well as on transatlantic policy issues.

Funding from the **European Commission's** also continued in 2009 for the *European Firms in a Global Economy* (EFIGE) project, which Bruegel leads. The project collects and analyses firm-level data in seven European countries as a basis for policies relating to the internationali-

sation of European firms. The project runs until September 2012. Bruegel's partners in EFIGE are Universidad Carlos III (Madrid), the Centre for Economic Policy Research (London), the Institute for Applied Economic Research (Tübingen), Centro Studi Luca d'Agliano (Milan), UniCredit (Milan) and Centre d'Etudes Prospectives et d'Information Internationales (Paris).

The European Commission's DGs ECFIN and RELEX also funded during 2009 the second part of a project with the **Peterson Institute for International Economics**. Running from September 2008 to August 2009, the project consisted of two conferences under the title '*The Euro at 10: Time for Greater Transatlantic Economic Cooperation?*'

Financial details of all grants from which Bruegel benefitted in 2009 are included in the 'Financials' section of this Annual Report.

Bruegel's public Statement on Research Integrity, adopted by the Board in May 2006, is also available on Bruegel's website. The statement sets rules for the avoidance of political, national or commercial conflicts of interest which could harm the integrity of Bruegel's research. Bruegel's researchers, including visiting fellows and senior staff, promise to abide by this statement when they sign contracts with Bruegel. They also make an annual declaration of interests to avoid any conflict of interest in the areas in which they work.

Web references:

Bruegel's statute:

http://www.bruegel.org/fileadmin/files/admin/about/bylaws_and_Statutes/Bruegel_Statute_in_EN.pdf

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2009 research programme:

http://www.bruegel.org/fileadmin/files/admin/research_initiatives/annual_research_programmes/2009_Research_Programme_final.pdf

2010 research programme:

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Financials

BALANCE SHEET 2009 - 2008		
	2009	2008
ASSETS		
FIXED ASSETS	369,571.36	47,981.49
Furniture and office equipment	369,571.36	47,981.49
CURRENT ASSETS	949,961.97	436,989.11
Trades receivables	230,375.50	238,546.23
Financial income to receive		685.00
Other debtors	14,359.80	82,337.03
Project receivables claimed	705,226.67	115,420.85
CASH & CASH EQUIVALENTS	3,144,122.28	2,521,424.89
DEFERRALS AND ACCRUALS	51,109.66	5,242.81
Deferred rent	45,486.18	
Deferred insurance	5623.48	5242.81
TOTAL ASSETS	4,514,765.27	3,011,638.30
LIABILITIES		
CURRENT LIABILITIES	1,985,662.55	333,432.97
Trade payables	120,823.53	126,249.97
VAT payable	153,475.48	
Early subscription payments	349,252.35	100,000.00
Remuneration and social security payables	212,901.43	107,183.00
Commitments to project partners	1,149,209.76	
NET ASSETS		
NET ASSETS	2,529,102.72	2,678,205.33
Reserves		
Surplus of the year	-149,102.61	-155,228.38
Accumulated reserves from previous year	2,678,205.33	2,833,433.71
TOTAL LIABILITIES AND NET ASSETS	4,514,765.27	3,011,638.30

INCOME STATEMENT 2009 - 2008

REVENUE	2009	2008
Subscriptions - State Members	1,966,467.00	1,553,837.00
Category 1 – CY, LT (1), LU, SI	100,329.00	78,519.00
Category 2 – IE	60,198.00	52,346.00
Category 3 – AT, CZ, DK, FIN, HU, SE	541,782.00	333,706.00
Category 4 – BE, NL, PL	361,188.00	314,076.00
Category 5 – DE, ES, FR, IT, UK	902,970.00	785,190.00
Subscriptions - Corporate Members	808,333.33	1,107,500.00
Full-Year Corporate Members (2)	800,000.00	1,050,000.00
Corporate Members joining during the year (3)	8333.33	57,500.00
Subscriptions - Other Members (4)	50,000.00	
Other revenue	1,276,447.10	219,029.78
Conference-related and other honoraria	4886.04	64,561.79
Project-based funding*	1,103,467.26	
Foundation grants (5)	134,356.20	137,420.85
Sales of publications	1861.05	3,699.40
Expenses recovered (6)	31,876.55	13,347.74
TOTAL REVENUE	4,101,247.43	2,890,366.78
REVENUE NET OF PROJECT-SPECIFIC TURNOVER*	2,997,780.18	
EXPENSES		
Wages and Compensation	-2,329,733.25	-1,995,038.66
Other operating expenses	-1,654,658.05	-902,527.12
Staff travel costs	148,662.22	141,398.35
External research costs*	584,882.22	50,444.64
Documentation costs*	95,439.01	32,949.26
Outreach-related costs*	345,680.27	250,631.10
Office rent and running costs	229,847.85	216,660.49
External professional services (7)	138,915.70	85,755.59
General and administrative costs	111,230.78	124,687.69
Depreciation charges (8)	-139,933.58	-41,015.92
Exceptional charges:		
Unrecoverable VAT		-12,255.63
Group insurance back-payment		-151,545.02
Write-off of unpaid subscriptions	-103,376.73	
Project based income adjustment 2008 (9)	-36,599.58	
Net financial income	13,951.15	56,787.19
Financial income	21,410.52	98,954.47
Financial charges	-5368.74	-27,643.44
Withholding Tax	-2090.63	-14,523.84
TOTAL EXPENSES	-4,124,324.88	-3,102,382.35
EXPENSES NET OF PROJECT-SPECIFIC COSTS*	-3,209,346.74	
Final surplus/deficit for the year	-149,102.61	-155,228.38
Surplus/deficit excluding exceptional charges	-9,126.30	8,572.27

* Project-based funding (EFIGE and euro@10) is restricted in its use in relation to Bruegel's General Budget: see the 'Break-down of other income and costs' on the following page, which includes project-based funding and grants from foundations.

BREAKDOWN OF OTHER INCOME AND COSTS, 2009

	EFIGE	euro@10	EP ECON	GMF	ECF	Bruegel
REVENUE						
Bruegel subscription revenue	2,824,800.33					2,824,800.33
Other revenue	1,276,477.10					
Conferences & honoraria	4886.04					4886.04
Project-based funding	106,000.87	97,400.87	8600.00			
Foundation grants	134,356.20			116,036.20	18,320.00	
Sales of publications	1861.05					1861.05
EFIGE, FP7 funding	628,549.83	628,549.83				
EFIGE, UniCredit funding	368,916.56	368,916.56				
Expenses recovered	31,876.55					31,876.55
TOTAL REVENUE	4,101,247.43	997,466.39	97,400.87	8600.00	116,036.20	18,320.00
EXPENSES						
Wages and compensation	-2,329,733.25	-140,090.78	-54,874.13			-2,126,168.34
Other operating expenses	-1,654,658.05					
Staff travel costs	148,662.22					-148,662.22
External research costs	584,882.22	-560,181.60				-24,700.62
Documentation costs	95,439.01	-66,550.00	-42,526.74			-28,889.01
Outreach-related costs	345,680.27	-46,007.14			-18,320.00	-238,826.39
Office rent and running costs	229,847.85					-229,847.85
Professional services	138,915.70	-4747.75				-134,167.95
General & admin. costs	111,230.78					-111,230.78
Subtotal [per project or foundation]	-817,577.27	-97,400.87	-8600.00	-116,036.20	-18,320.00	-3,042,493.16

Notes:

EFIGE: European Firms in a Global Economy. Funded by the European Commission's Seventh Framework Programme, UniCredit, Bruegel and the EFIGE partners (see report on EFIGE).

euro@10: project funded by the European Commission's DG RELEX, with partner the Peterson Institute for International Economics.

EP ECON: The European Parliament's Economic and Monetary Affairs Committee provides funds to Bruegel for occasional research papers.

GMF: the German Marshall Fund of the United States contributes to Bruegel's general expenses related to research on central and eastern Europe, the financial and economic crisis, and the cost of climate change.

ECF: the European Climate Foundation contributed to the cost of Bruegel's 'Energy and climate exchange' event series.

The final column reflects Bruegel's general income and operating expenses net of project-based funding and foundation grants.

Notes to the income statement on page 24:

- (1) In accordance with Bruegel's Bylaws, in 2009 Lithuania paid a pro-rata subscription of €10,032.
- (2) Areva, BNP Paribas Fortis, BP, Deutsche Bank, Deutsche Telekom, EDF, France Telecom, GDF Suez, Goldman Sachs, IBM, Nokia, Novartis, Pfizer, Renault, Samsung Electronics, UniCredit; €50,000 each.
- (3) Syngenta paid a reduced subscription on a pro rata temporis basis for 2009.
- (4) European Investment Bank.
- (5) US\$ 150,000 from German Marshall Fund of the United States, €18,320 from the European Climate Foundation.
- (6) Bruegel fellows' travel and accommodation expenses are sometimes recovered when they participate in external events such as conferences.
- (7) This amount also includes a one-off cost for architectural assistance for the 2009 office redevelopment.
- (8) Bruegel's office underwent building works in 2009 to double its size and improve meeting facilities.
- (9) The EFIGE budget for 2008 was adjusted in 2009 to take account of an unforeseen reallocation of costs to the 2009 EFIGE budget.

Auditor's report

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AISBL International Association
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STATUTORY AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2009 to the General Assembly of the International Association to be held in June 2010

In accordance with the legal and statutory requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements and information.

Unqualified audit opinion on the financial statements

We have audited the financial statements for the year ended 31 December 2009, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of €4,514,765.27 and a deficit for the year of €149,102.61.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the association's accounting system, as well as its internal control procedures. We have obtained from management and from the association's officials the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the association as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion, the financial statements for the year ended December 31, 2009 give a true and fair view of the association's assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

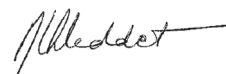
Additional statements and information

The compliance by the international association with the Law of 27 June 1921 related to non profit associations, international not-for-profit associations and foundations is the responsibility of management.

Our responsibility is to supplement our report with the following additional statements (and information), which do not modify our audit opinion on the financial statements:

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no transactions undertaken or decisions taken in violation of the association's statutes or the Law of 27 June 1921 related to not-for-profit associations, international non profit associations and foundations that we have to report to you.

Brussels, 26 May 2010



Marie-Chantal DEBROUX-LEDDET
Certified Auditor

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