



ANNUAL REPORT 2010

Bruegel's members

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Microsoft
Novartis
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Qualcomm
Renault
Samsung Electronics
Syngenta
UniCredit

Institutional members

European Investment Bank
European Bank for Reconstruction and
Development

Members as of June 2011. For further information about Bruegel's governance and its relationship with its members, see page 31.

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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. 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 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. Bruegel provides a forum for informed policy discussions between individuals from diverse backgrounds. Bruegel also aims to cooperate with leading European and international research institutions on specific research projects.

European reach. Bruegel addresses topics for which policy responsibility rests with individual states, the European Union, or international organisations. It is developing its presence in national debates across Europe, as well as Brussels and international discussion forums.

Chairman's message

“BRUEGEL IS CONSOLIDATING ITS ROLE AS A SKILLED AND TRUSTED PARTICIPANT IN EUROPEAN ECONOMIC POLICYMAKING”



Last year I introduced this message by noting that the crisis would be marked not only by inherently difficult policy choices, but also by institutional cohesion and governance issues. I regret to say that this observation

is even more valid in June 2011. Not for more than 60 years have we in Europe heard political exchanges between our countries of such rawness as those we have heard over the last months. The strains of finding a durable solution to the euro-area debt problem have reached such a degree that they look today as if they might overstress the very core principles of the EU – the four freedoms, solidarity and the rule of law. Let us hope not.

In analysing these events, Bruegel has sought to consolidate its role as a skilled and trusted participant in European economic policymaking, and the think tank to whom Europe's leaders turn for dispassionate, fact-based investigation and fresh thinking. But it is clear from international economic discourse and rankings that Bruegel is also enjoying increasing recognition outside Europe.

I am therefore proud that the Bruegel Board and General Assembly chose to re-elect me as Chairman of Bruegel in April this year. The new board is a very strong and diverse one, composed of members of the highest calibre drawn from European government, major corporations and civil society. I am confident that this remarkable group of individuals can and will take Bruegel successfully to the next stage of its development. A robust and very positive evaluation report in June 2010 from

the independent task force reviewing Bruegel's performance over the period 2007-09 provides a solid launchpad for board and management to build on.

Whilst on the subject of Bruegel governance, I wish to welcome a new group in our midst, alongside the existing state and corporate member groups: our group of institutional members, currently made up of the European Investment Bank and the European Bank for Reconstruction and Development. Other public, non-governmental organisations have also expressed an interest in becoming members of Bruegel. We believe the establishment of the new institutional group is a healthy sign that Bruegel is acquiring ever-broader acknowledgement in the policymaking world.

To come to substance: Bruegel's core activities remain publications and events. While Bruegel last year published around thirty papers and organised over fifty events, we are on target in 2011 to achieve higher levels of output. Of course, quantity is not synonymous with quality, but I am pleased to note that Bruegel has achieved critical mass. Our annual outreach report for 2010 bears out this conclusion. In my view, this outreach report is of considerable value, as it charts Bruegel's growing 'demand-side' success.

I wish to end by thanking Bruegel's state, corporate and institutional members for their continuing support. More than for any other think tank, Bruegel with its highly interactive membership model is heavily reliant on input from its members for its success.

Leszek Balcerowicz

Director's introduction

BRUEGEL IS PROUD TO HAVE CONTRIBUTED TO EUROPEAN POLICY THINKING IN 2010.



Bruegel has entered its seventh year. Some will say it is still young for a think tank. And indeed it is, because research is painfully slow and because it takes time to build a reputation. But at the same

time, we are older than Facebook, Twitter and other companies that are changing the world as we knew it. So it is time to stop pretending we are newborn. The coming of age has arrived.

A first expression of change can be found in our governance. The generation of the founding fathers and mothers has largely given way to a new one. Caio Koch-Weser, who had a key role in the creation of Bruegel, Peter Praet, who was instrumental in establishing it in Brussels, and Frank Dageard, who helped shaping its governance culture, have left the Board at the end of their second term. Also gone are Lydia Aguirre, Thomas Mirow, Jaroslaw Pietras and Adam Posen, who served over the last three years. A strong new Board was elected at the beginning of 2011, whose members are in the majority new to the Bruegel endeavour – at least in this capacity.

A second manifestation is the adoption of a three-year research programme and of four stable research areas. This is hardly a revolution: there has been a fair amount of continuity in our research agenda. But in addition, stable research areas bring a better ability to carry out research investment that will bear fruit in the future, more clarity in the relationship with our members, and an enhanced visibility of our identity and priorities. These

research areas – European macroeconomics, global economics, financial regulation, and competition, innovation and sustainable growth – are not immutable. But they are expected to evolve only slowly. The combination of stability in the research investment and flexibility in the choice of topics is actually a feature of Bruegel's research strategy.

For more than a year now, the sovereign crises in the euro area and the re-examination of its governance have given much prominence to the first area. Macroeconomics ought to be boring, as Mervyn King said of central banking. Unfortunately, it is not, and this is what has contributed to high demand for contributions by Bruegel scholars on European crisis management and reform. In difficult times, we have aimed at striking the right balance between innovativeness and do-ability. Papers by our scholars aim at redrawing the lines, but in a way that practical men and women still find of relevance for the solution of the issues they have to address in the real world.

These are not quiet times in the field of global economics either. On the contrary, topics such as global coordination and the reform of international monetary arrangements are high on the agenda after decades of intellectual and policy apathy. Bruegel from the outset has refused to focus exclusively on intra-European affairs and has been keen on contributing to the global policy discussion.

Has the dust settled in the field of financial regulation? Certainly, it is a less bruising field than in 2008-2009, when G20 heads of state and government were discussing the minutiae of liquidity ratios and the regulation of deriva-

tives markets. But major policy choices remain ahead of us, while at the same time the initial post-crisis convergence of views has started receding in favour of more differentiated approaches. There is definitely a need for analyses and proposals that escape the usual biases.

Competition, innovation and sustainable growth, our fourth research area, is admittedly of a longer-term nature. But it is about no less than the shape of economic development in Europe and the regulatory policies that can influence it, be they in the field of energy policy, climate change, or digital Europe. At a time when Europe realises that the global crises have dramatically accelerated the shift of the centre of gravity of the global economy, improving economic performance while at the same time ensuring sustainability has become a major priority for the continent. It is to be hoped that as the urgency of fighting fires gradually abates, such structural dimensions

will become more and more important on the policymakers' agenda. It is our intention to contribute to putting the focus on them.

The third dimension of our coming of age is managerial. Bruegel in its first years benefitted from generous funding from its members, which meant it was able to take off and grow. It then started to broaden its resource base, especially through research grants. The time has now come when members are themselves facing serious revenue constraints, and Bruegel is perfectly aware that this affects members' funding capacity.

Performance and continued development in a more challenging environment involve learning and adaptation. Cost minimisation, resource diversification and prudent financial management are the order of the day. We are committed to delivering them in 2011 and beyond.

Jean Pisani-Ferry

Operational review by research area

A. GOVERNING THE NEW GLOBAL ECONOMY

Areas of focus:

Analyses of and proposals for G20 priorities; future global monetary arrangements; global financial architecture.

Research team:

Coordinator: André Sapir
Contributors: Ignazio Angeloni, Zsolt Darvas, Jean Pisani-Ferry and Garry Schinasi.

Research activities:

Research on *Analyses of and proposals for G20 priorities* was structured around the **Bruegel G20 Monitor (G20M)** (<http://www.bruegel.org/g20monitor.html>) which serves as a forum of discussion specifically dedicated to G20 issues. In 2010 the G20M hosted comments by scholars affiliated with Bruegel and by external experts. It accompanied the institutional calendar by timing its contributions around the main G20 events, such as summits and ministerial meetings. Bruegel Visiting Fellow **Ignazio Angeloni** was in charge of the G20 Monitor.

Bruegel also took part in the G20 discussions through bilateral contacts with, and contributions to the Korean presidency, participation in the Brookings Institute 'Think Tank 20' project (http://www.brookings.edu/reports/2010/1109_g20_summit.aspx), the organisation of various dedicated meetings (including a workshop on the relationship between European and G20 coordination, a Canada-Korea-France conference in Seoul in September 2010 and the Bruegel, CEPII – Centre d'études prospectives et d'informations internationales, ICRIER – Indian Council for

Research on International Economic Relations, G20 conference in Delhi) and a series of publications (below). The Policy Brief 'Not all financial regulation is global' was presented by Nicolas Véron to the informal ECOFIN council in September 2010 as part of the ministers' preparations for the Seoul summit.

Research on *Future global monetary arrangements* was initiated in the framework of the French G20 Presidency through an EC funded research project '**Reform options for the global reserve currency system and their implications for the EU economy**'. Jointly carried out by **Bruegel** and **CEPII**, the project started in September 2010 (end date: September 2011), involving a series of meetings and seminars. Early results were presented to the G20 deputies in Paris in January 2011.

Jean Pisani-Ferry was also appointed a member of the Council on International Monetary Reform recently created under the auspices of the Sloan Foundation. This Council is expected to issue its first report in October 2011.

Research on *Global financial architecture* is part of a joint **Bruegel, Peterson Institute for International Economics (PIIE)**, 2010-2011 EC funded research project on '**The transatlantic relationship in an era of growing economic multipolarity**'. As indicated below a joint Bruegel-PIIE conference was held at the Peterson institute in October 2010 on the occasion of the Fund-Bank Annual meeting and several papers resulted from it.

Overall, research on global economy issues helped to strengthen the Strategic Partnership

between the **German Marshall Fund (GMF)** and Bruegel, which started in 2009 and covers the period 2009-2011. Both organisations benefit from deepening and developing the global and transatlantic dimensions of research and from the synergies resulting from linking the respective strengths of Bruegel and the GMF.

Research Publications:

Bruegel publications:

- *China and the world economy: a European perspective*, Policy Contribution, Jean Pisani-Ferry, March 2010 (a shortened French version was also published in the French journal *Commentaire*)
- *The threat of 'currency wars': a European perspective*, Policy Contribution, Zsolt Darvas, Jean Pisani-Ferry, December 2010

External publications:

- *The G20 in the Aftermath of the Crisis: a Euro-Asian View*, La Lettre du CEPII, issue 299, Agnès Bénassy-Quéré, Benjamin Carton, Fan He, Masahiro Kawai, Yung Chul Park, Jean Pisani-Ferry, June 2010
- *Le retour des controverses monétaires internationales*, Agnès Bénassy-Quéré and Jean Pisani-Ferry, in CEPII (ed.), *Economie mondiale 2011*, La Découverte, Paris, October 2010
- *Beyond the WTO? An Anatomy of EU and US Preferential Trade Agreements*, *The World Economy*, Blackwell Publishing, vol. 33(11), pages 1565-1588, Henrik Horn, Petros C. Mavroidis, André Sapir, November 2010.
- *Is G20 coordination already passé?*, Jean Pisani-Ferry, in *Cercle des économistes*, A la recherche de la nouvelle croissance, Actes des rencontres économiques d'Aix-en-Provence, November 2010
- *United States - Subsidies on Upland Cotton Recourse to Article 21.5 by Brazil, WT/DS267/AB/RW (2 June 2008)*, *World Trade Review*, Cambridge University Press, vol. 9(01), pages 181-199, Davey William J., Sapir André, January 2010.

Cross-area publications:

- *Reform of the global financial architecture*, Working Paper, Garry Schinasi and Ted Truman, October 2010
- *Not all financial regulation is global*, Policy Brief, Stéphane Rottier, Nicolas Véron, September 2010
- *An assessment of the G20's initial action items*, Policy Contribution, Stéphane Rottier, Nicolas Véron, September 2010

A number of shorter notes were also issued, especially op-eds, and within the framework of the G20 Monitor.

Events

Conferences

16-17 September 2010

International cooperation in times of global crisis: views from G20 countries

- **Organisers:** Bruegel, CEPII (Centre d'études prospectives et d'informations internationales), ICRIER (Indian Council for Research on International Economic Relations)
- **Location:** New Delhi, India
- **Attendees:** 290
- **Main speakers:** Pranab Mukherjee (Minister of Finance, India), Montek Singh Ahluwalia (Deputy Chairman, Planning Commission, India), Reza Moghadam (Head of the IMF's SPR Department), Tommaso Padoa-Schioppa (President, Notre Europe), and Changyong Rhee (Secretary General, Presidential Committee for the G-20 Summit Committee).
- **Further contributions:** Michel Aglietta (Professor, University of Paris X Nanterre), Richard Baldwin (Professor, Graduate Institute), Peter Draper (South African Institute of International Affairs), Simon Evenett (Professor, University of St Gallen and CEPR), Subir Gokarn (Deputy Governor, RBI), Ilan Goldfajn (Chief economist, Itaú Unibanco), Daniel Gros, (Director, CEPS), Yiping Huang (Professor, Peking University), Alejandro Jara (Deputy Director General,

WTO), Shigeo Kashiwagi (Ministry of Finance, Japan), Masahiro Kawai (Dean, ADBI), Jong-Wha Lee (Chief Economist, ADB), Gian-Maria Milesi-Ferretti (Assistant Director, Research Department, IMF), Carlo Monticelli (Head of International Department, Italian Treasury), Avinash Persaud (Chairman, Intelligence Capital), Zhou Qiren (Dean, National School of Development, China Center for Economic Research, Peking University), Chia Siow Yue (Singapore Institute of International Affairs), Sinan Ulgen (Chairman, EDAM), David Vines (Professor, Oxford University), Natalia Volchkova (New Economic School, Moscow).

- **Contributions from the organising institutions:** Agnès Bénassy-Quéré (Director, CEPII), Rajiv Kumar (former Director, ICRIER), Parthasarathi Shome (Director and Chief Executive, ICRIER) and Bruegel's Jean Pisani-Ferry and Nicolas Véron.

8 October 2010

The transatlantic relationship in an era of growing economic multipolarity

- **Organisers:** Bruegel, Peterson Institute for International Economics
- **Location:** Washington DC, USA
- **Attendees:** 234
- **Contributors:** Anders Aslund (PIIE), Jörg Asmussen (German Federal Ministry of Finance), Fred Bergsten (PIIE), Lorenzo Bini-Smaghi (ECB), James Bradbury (WRI), Sharon Bowles (Chair, Economic and Monetary Affairs Committee, European Parliament), Marco Buti (European Commission, DG ECFIN), William Cline (PIIE), Mario Draghi (Bank of Italy and Financial Stability Board), Mohamed El-Erian (PIMCO), Stanley Fischer (Bank of Israel), Victor Gao (Beijing Private Equity Association), Anil Kashyap (Chicago Booth School of Business), Rajiv Kumar (FIIC), Guillermo Ortiz (Guillermo Ortiz Asociados), Ken Rogoff (Harvard), Nouriel Roubini (RGE), Edwin Truman (PIIE), Paul Tucker (Bank of England) and Bruegel scholars Zsolt Darvas, Jean Pisani-Ferry, Garry

Schinasi, Nicolas Véron and Reinhilde Veugelers.

24-25 March 2010

Asia Europe Economic Forum: 'Facing the aftermath'

- **Organisers:** ADBI, Bruegel, CEPII, Chinese Academy of Social Sciences, IfW Kiel, Keio University, Korea University.
- **Location:** Tokyo, Japan
- **Attendees:** 61
- **Contributors:** Taeho Bark (Dean, Seoul National University), Peter Bekx (Director for International Economic Relations, European Commission, DG ECFIN), Suman Bery (National Council for Applied Economic Research, India), Feng Chunping, (Deputy Director, Research Department, EXIM Bank), Lorenzo Codogno (Chairman, Economic Policy Committee of the EU), Toyoo Gyoten (Institute for International Monetary Affairs, Japan), Masahiro Kawai (Dean, Asian Development Bank Institute), Kyungsoo Kim (President, Institute for Monetary and Economic Research, Bank of Korea), Jae Young Lee (Ministry of Strategy and Finance, Republic of Korea), Seung Jae Lee (Principal Financial Sector Specialist, ADB; former director, Ministry of Strategy and Finance, Korea), Daokui Li (Tsinghua University), Guonan Ma (Senior Economist, Representative Office for Asia and the Pacific, Bank for International Settlement), Frank Moss (Director-General for external relations, European Central Bank), Wolfgang Munchau (Financial Times), Rainer Münz (Chief Economist, Erste Bank, Austria), Takehiko Nakao (Director General, International Bureau, Ministry of Finance, Japan), Hiroshi Ogushi (Senior Vice Minister of Finance, Japan), Piercarlo Padoan (Chief Economist and Deputy Secretary-General, OECD), Chalongsob Sussangkarn (Thai Development Research Institute), Guan Tao, (Director, Department of General Affairs, State Administration of Foreign Exchange, China), David Vines (Oxford University).

Workshops and seminars

18 January 2010

Bruegel - Economic policy coordination at EU and G20 levels

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Marek Belka (European Department, IMF), Gian-Maria Milesi-Ferretti (Research Department, IMF), Marco Buti (DG ECFIN, European Commission), Luc Coene (National Bank of Belgium), Mattias Hector (Ministry of Finance, Sweden), Pier Carlo Padoan (OECD), Thomas Wieser (Federal Ministry of Finance, Austria), Thomas Westphal (Federal Ministry of Finance, Germany), Stephen Pickford and Michael Ellam (HM Treasury, UK) as well as Jean Pisani-Ferry, André Sapir, Garry Schinasi, Nicolas Véron from Bruegel.

3 May 2010

Vulnerability exercise for emerging markets

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Gathered experts from International Monetary Fund, European Institutions, academia and Bruegel.

15 June 2010

The future mandate of the IMF

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Zhu Min (special adviser to the Managing Director) and Reza Moghadam (Director of the SPR Department).

31 August 2010

The world we are in

- **Organiser:** Bruegel, European Council on Foreign Relations (ECFR)
- **Location:** Bruegel, Brussels
- **Contributors:** Zsolt Darvas, Benedicta Marzinotto, Jean Pisani-Ferry, Bruno van Pottelsberghe, Nicolas Véron, Reinhilde Veugelers and Georg Zachmann from Bruegel as well as Susi Dennison, Anthony Dworkin, François Godement, Richard

Gowan, Ulrike Guerot, Thomas Klau, Hans Kundnani, Mark Leonard from ECFR.

25 November 2010

The day after tomorrow: a handbook on the future of economic policy in the developing world

- **Organiser:** Bruegel, World Bank
- **Location:** Bruegel, Brussels
- **Contributors:** Vice President and head of the World Bank's Poverty Reduction and Economic Management (PREM) network, Ottaviano Canuto and experts and policy-makers from the European Commission and World Bank.

Lunchtalk@bruegel

21 June 2010

The crisis and the distribution of income in Europe, the United States and elsewhere

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Danny Leipziger (George Washington University), Philippe Pochet (European Trade Union Institute).

15 September 2010

Transatlantic cooperation to strengthen the recovery

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Charles Collyns (Assistant Secretary for International Finance, U.S. Treasury), André Sapir (Bruegel, Université Libre de Bruxelles).

6 October 2010

Rebalancing for sustainable growth: Asia's post-crisis challenge

- **Organiser:** Bruegel and Asian Development Bank Institute (ADB)
- **Location:** Bruegel, Brussels
- **Contributors:** Masahiro Kawai (Dean, ADBI), André Sapir (Bruegel, Université Libre de Bruxelles).

Finance Focus Breakfast

25 May 2010

Fiscal deleveraging in the developed world: how can it play out?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Pierre Cailleateau, (Moody's) and Etienne de Callatay (Bank DeGroef).

Annual meeting

A large part of Bruegel's Annual Meeting on 23 and 24 June 2010, the theme of which was *Is Europe still on the map?* was devoted to discussing international economic themes, especially a panel with Bruegel Senior Fellow **Dalia Marin**, Board members **Caio Koch-Weser** (Deutsche Bank) and **Adam Posen** (Bank of England and Peterson Institute), **Rajiv Kumar** (ICRIER) and European Trade Commissioner **Karel De Gucht**.

Bruegel Economic Club Dinner

- 6 May 2010 – Bruegel Economic Club Dinner with **Edmund Phelps** (McVickar Professor of Political Economy, Columbia University)
- 30 June 2010 – Bruegel Economic Club Dinner with **Pascal Lamy** (Director-General, World Trade Organisation)
- 14 September 2010 – Bruegel Economic Club Dinner with **Dominique Strauss-Kahn** (Managing Director, IMF)

B. HEIGHTENED MACROECONOMIC CHALLENGES FOR EUROPE

Areas of focus:

The euro-area policy regime revisited; new growth models in central and eastern Europe; domestic economic and financial institutions

Research team:

Coordinator: Zsolt Darvas

Contributors: Jürgen von Hagen, Benedicta Marzinotto, Jean Pisani-Ferry and André Sapir.

Research activities:

The euro-area policy regime revisited was one of the most active and visible research areas in 2010, as Bruegel actively contributed to the debate on the evolution of the euro-area crisis and the consequent institutional changes through various publications, events, external and media contributions. Key publications in this area were the Blueprint 'A European mechanism for sovereign debt crisis resolution: a proposal', which set a record among Bruegel publications in terms of the number of downloads, and the Policy Brief 'The blue bond proposal', which also attracted wide attention.

The main publication of the research on *New growth models in central and eastern Europe* was the joint Bruegel and **The Vienna Institute for International Economic Studies (WIIW)** report, 'Whither growth in central and eastern Europe? Policy lessons for an integrated Europe', written by an expert group of economists from various European countries. The launch of the report in Brussels was jointly organised with the **European Bank for Reconstruction and Development (EBRD)**. The report was further promoted with the assistance of the **German Marshall Fund (GMF)** in Bulgaria, Poland and Slovakia. Two related working papers have also been published in this area.

Domestic economic and financial institutions was examined through the study of the role of fiscal and monetary institutions in macroeconomic stability and budgetary control in CESEE

countries in comparison with other OECD countries, a research project commissioned by the OECD. The research paper was presented at an OECD conference in September 2010 and published in 2011.

Research publications

Bruegel publications

- *Monetary policy and risk taking*, Working Paper, Ignazio Angeloni, Ester Faia and Marco Lo Duca, February 2010
- *Two crises, two responses*, Policy Brief, Benedicta Marzinotto, Jean Pisani-Ferry and André Sapir, March 2010
- *The blue bond proposal*, Policy Brief, Jakob von Weizsäcker and Jacques Delpla, May 2010
- *Euro-area governance: What went wrong in the euro area? How to repair it?*, Policy Contribution, Jean Pisani-Ferry, June 2010
- *Fiscal federalism in crisis: lessons for Europe from the US*, Policy Contribution, Zsolt Darvas, July 2010
- *Why Germany fell out of love with Europe*, Essay and Lecture Series, Wolfgang Proissl, July 2010
- *A European mechanism for sovereign debt crisis resolution: a proposal*, Blueprint, François Gianviti, Jürgen von Hagen, Anne O. Krueger, Jean Pisani-Ferry and André Sapir, November 2010
- *Assessing the potential for knowledge-based development in transition countries*, Working Paper, Reinhilde Veugelers, May 2010
- *Whither growth in central and eastern Europe? Policy lessons for an integrated Europe*, Blueprint, Bruegel and wiiw, Torbjörn Becker, Daniel Daianu, Zsolt Darvas, Vladimir Gligorov, Michael Landesmann, Pavle Petrovic, Jean Pisani-Ferry, Dariusz Rosati, André Sapir and Weder Di Mauro, November 2010
- *Beyond the crisis: prospects for emerging Europe*, Working Paper, Zsolt Darvas, December 2010

External publications

- *Government size and output volatility: should we forsake automatic stabilisation?*, Xavier Debrun, Jean Pisani-Ferry and André Sapir], in *The Euro: The First Decade*, edited by Marco Buti, Servaas Deroose, Vitor Gaspar and João Nogueira Martins, Cambridge University Press, 2010
- *L'euro en 2019/The euro in 2019*, edited by Pierre Jaillet and Jean Pisani-Ferry, special issue of the *Revue d'Economie Financière*, February 2010
- *The impact of the crisis on new member states*, European Parliament briefing paper, Zsolt Darvas, March 2010
- *Banking crisis management in the EU: an early assessment*, *Economic Policy*, CEPR, CES, MSH, vol. 25, pages 341-373, 04, Jean Pisani-Ferry, André Sapir, April 2010
- *Monitoring macroeconomic imbalances in Europe: proposal for a refined analytical framework*, European Parliament briefing paper, Carlo Altomonte and Benedicta Marzinotto, September 2010
- *The case for reforming euro area entry criteria*, *Society and Economy* Volume 32, Issue 2, pages 195-219, Zsolt Darvas, December 2010
- *Economic Policy*, Agnès Bénassy-Quéré, Benoît Coeuré, Pierre Jacquet and Jean Pisani-Ferry, Oxford University Press, September 2010
- *Facts and lessons from euro area divergences for enlargement*, 'Euro and Economic Stability: Focus on Central, Eastern and South-eastern Europe', Edward Elgar, p. 145-171, Zsolt Darvas, Ewald Nowotny, Peter Mooslechner and Doris Ritzberger-Grünwald (eds.), November 2010

Events

Conferences

17 March 2010

Euro@10

- **Organisers:** Bruegel and Peterson Institute for International Economics

- **Location:** Dallas, Texas
- **Contributors:** Ajai Chopra (IMF), Antonio de Lecea (European Commission), Richard W. Fisher (Federal Reserve Bank of Dallas), Joseph E. Gagnon (PIIE), Vítor Gaspar (Banco de Portugal), Thomas Glaessner (Citigroup), C. Randall Henning (PIIE), David G. Mayes (University of Auckland), Georges Pineau (ECB), Edwin M. Truman (PIIE), Carlos E. J. M. Zarazaga (Federal Reserve Bank of Dallas), Adam Posen (PIIE), Harvey Rosenblum (Federal Reserve Bank of Dallas); Zsolt Darvas, Garry Schinasi and Nicolas Véron from Bruegel.

11-13 June 2010

Economic governance in the eurozone and the EU: drawing lessons from the crisis

- **Organisers:** Bruegel and ELIAMP
- **Location:** Cape Sounion, Greece
- **Attendees:** 33
- **Contributors:** Iain Begg (LSE), Peter Bofinger (German Council of Economic Experts & University of Würzburg), Laurence Boone (Barclays Capital), Nikos Christodoulak (University of Economics and Business), Daniel Daianu (National School for Political Studies and Public Administration, SNSPA), Anton Hemerijck (Free University), Donato Masciandaro (Bocconi University), Antonio Missiroli (European Commission, BEPA), Carlos Mulas-Granados (IDEAS), Manfred Neumann (Bonn University), George Papaconstantinou (Minister of Finance, Greece), Wolfgang Proissl (Bruegel, Financial Times Deutschland), Loukas Tsoukalis (ELIAMEP & University of Athens), David A. Vines (University of Oxford), Guntram Wolff (European Commission, DG ECFIN), and Bruegel's Zsolt Darvas, Benedicta Marzinotto, Jean Pisani-Ferry and André Sapir.

30 September 2010

Getting the European economy back on track

- **Organisers:** European Parliament, Bruegel
- **Location:** European Parliament, Brussels
- **Attendees:** 150

- **Speakers:** Vince Cable (Business Secretary, UK Government), Fiona Hall (MEP), Malcolm Harbour (MEP), Timothy Kirkhope (MEP), Jean Pisani-Ferry (Bruegel).

Workshops and seminars

14 September 2010

Bruegel – Sovereign risk and fiscal policy in the euro area: lessons from the crisis

- **Organiser:** Bruegel, International Monetary Fund (IMF)
- **Location:** Bruegel, Brussels
- **Main speakers:** Olivier Blanchard (IMF), Ajai Chopra (IMF), Carlo Cottarelli (IMF) and Dominique Strauss-Kahn (IMF)
- **Further contributors:** Marco Annunziata (Unicredit), Roel Beetsma (University of Amsterdam), Peter Bofinger (University of Würzburg; German Council of Economic Experts), Antonio Fatas (Insead), Christian Kastrop, (German Finance Ministry), Moritz Kraemer (S&P's), Erik Nielsen (Goldman Sachs), Klaus Regling (Financial Stability Facility), Odile Renaud-Basso (Van Rompuy Cabinet), (EFSF), Pierre Renom (BNP Paribas), Ludger Schuknecht (European Central Bank), Michael Story (Western Asset Management), Gerassimos Thomas (EU Commission), and Bruegel scholars Benedicta Marzinotto, Jean Pisani-Ferry, André Sapir, Jakob von Weizsäcker.

24 November 2010

Bruegel – Does emerging Europe need a new growth model?

- **Organiser:** Bruegel, European Bank for Reconstruction and Development (EBRD)
- **Location:** Bruegel, Brussels
- **Main speakers:** László Andor (European Commissioner for employment), Gordon Bajnai (Former Prime Minister of Hungary), Leszek Balcerowicz (Warsaw School of Economics; Bruegel), Erik Berglof (EBRD) and Thomas Mirow (EBRD).
- **Further contributors:** Vladimir Gligorov (WIIW), Michael Landesmann (WIIW), Jeromin Zettelmeyer (EBRD) and Bruegel scholars Zsolt Darvas, Jean Pisani-Ferry and André Sapir.

Lunchtalk@bruegel

22 January 2010

Bruegel – Development through financial integration? Lessons from emerging Europe

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speakers:** István Székely (European Commission, DG ECFIN), Jeromin Zettelmeyer (EBRD)

21 May 2010

Bruegel – The independent evaluation of election platforms

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speaker:** Coen Teulings (Netherlands Bureau of Economic Policy Analysis –CPB)

7 October 2010

Bruegel – Will It hurt? Macroeconomic effects of fiscal consolidation

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speaker:** Daniel Leigh (IMF)

5 November 2010

Bruegel – Reshaping the Stability Pact: mission impossible?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speaker:** Charles Wyplosz (HEI - Graduate Institute for International Studies)

Bruegel Economic Policy Seminar

1 April 2010

Bruegel – Whence policy? Governments, finance, and economic integration

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speaker:** Giuseppe Bertola (University of Torino)

13 April 2010

Bruegel – Global retail lending in the aftermath of the US financial crisis: distinguishing between supply and demand effects

- **Organiser:** Bruegel

- **Location:** Bruegel, Brussels
- **Speakers:** Sanvi Avouji-Dovi (Banque de France), Jörg Rocholl (ESMT)

Finance Focus Breakfast

2 September 2010

Taking stock of the euro crisis

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speakers:** Thomas Mayer (Deutsche Bank), Paul Tang (Former Member of the Dutch Parliament)

Policy panels and publication launches

22 February 2010

Bruegel – Launch of the 2010 E&AG (European Economic Advisory Group) Report on the European Economy

- **Organiser:** Bruegel, CESifo
- **Location:** Bruegel, Brussels
- **Speakers:** Gilles Saint-Paul (University of Toulouse), Hans-Werner Sinn (CESifo), Reinhilde Veugelers (Bruegel and KU Leuven), Jacob von Weizsäcker (Bruegel)

1 July 2010

Bruegel – Essay Launch Why Germany fell out of love with Europe

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speakers:** Pierre Moscovici (French Parliament), Wolfgang Proissl (Bruegel), Hans-Werner Sinn (CESifo)

Annual meeting

The Annual meeting addressed the topic of Heightened macroeconomic challenges for Europe in two high-level panels on Making Europe globally relevant: is it still possible? The President of the European Council **Herman Van Rompuy** also addressed this topic at the Annual Dinner.

Bruegel Economic Club Dinner

- 20 January 2010 - Bruegel Economic Club

Dinner with **Thomas Mirow** (President, EBRD)

- 22 March 2010 - Bruegel Economic Club Dinner with **Jean-Claude Trichet** (President, ECB)

C. EUROPE'S QUEST FOR ECONOMIC PERFORMANCE

Area of focus:

The drivers of innovation

Research team:

Coordinator: Reinhilde Veugelers

Contributor: Bruno Van Pottelsberghe

The determinants of firm-level performance

Research team

Coordinator: Gianmarco Ottaviano

Contributors: Carlo Altomonte and Dalia Marin
Research activities

The project on *Innovation eco-systems* focused on the role of young innovative companies and their interactions with universities, large incumbent players, venture capital financiers and government agencies. This resulted in Policy Contributions and Policy Briefs, as well as external publications (listed below).

For the *Globalisation of science*, evidence was collected on trends and impact resulting in an external publication (below); presentations were made at several fora in Brussels. A first Policy Brief was published in 2011.

On the *Governance of innovation*, work took place on the design of EU innovation policies. A policy contribution was published following a presentation at a Belgian EU Presidency Conference. This contribution was also published externally and gave rise to an article in *Nature*.

Research in the area of *Determinants of firm level performance* were carried on under the EU funded project **European Firms in the Global Economy (EFIGE)** that is running from 2008 to

2012. EFIGE is a Collaborative Research Project funded by the 7th Framework Programme of the European Union, coordinated by Bruegel and the **Centre for Economic Policy Research (CEPR)**, which looks at the international competitiveness of European firms on the basis of a new publicly-available firm-level survey carried out in parallel in seven EU countries linked to existing firm-level data sources. Five specific dimensions were analysed in 2010: size and productivity; organisation and innovation; internationalisation; financial constraints and skills. Within the year a large novel dataset on European firms was created to support future research. Preliminary findings gave rise to a policy brief and a forthcoming policy report. Further research resulted in ten working papers (listed below, EFIGE Working Papers).

Research publications

Bruegel publications

- *Memo to the New Digital Agenda* Commissioner, Policy Contribution, Bruno van Pottelsberghe, Reinhilde Veugelers, January 2010
- *Europe should stop taxing innovation*, Policy Brief, Bruno van Pottelsberghe, March 2010
- *Assessing the potential for knowledge-based development in transition countries*, Working Paper, Reinhilde Veugelers, May 2010
- *The global operations of European firms*, Policy Brief, Gianmarco Ottaviano, June 2010 Boosting Innovation in Europe, Policy Contribution, Mathias Dewatripont, André Sapir, Bruno van Pottelsberghe, Reinhilde Veugelers, June 2010
- *The quality factor in patent system*, Working Paper, Bruno van Pottelsberghe, July 2010
- *The opening up of eastern Europe at 20-jobs, skills, and 'reserve-maquiladoras' in Austria and Germany*, Working Paper, Dalia Marin, July 2010
- *Europe's missing yollies*, Policy Brief, Reinhilde Veugelers, August 2010
- *Young leading innovators and EU's R&D*

intensity gap, Policy Contribution, Michele Cincera, Reinhilde Veugelers, September 2010

External publications

- *The R&D-patent relationship: An industry perspective*, EIB Papers 7/2009, European Investment Bank, Economic and Financial Studies, Danguy Jérôme, de Rassenfosse Gaétan, van Pottelsberghe de la Potterie Bruno, January 2010.
- *The role of fees in patent systems: theory and evidence*, Working Papers ECARES ECARES 2010-023, ULB -- Universite Libre de Bruxelles, Gaétan de Rassenfosse , Bruno Van Pottelsberghe, June 2010.
- *The quality factor in patent systems*, Working Papers ECARES 2010-027, ULB -- Universite Libre de Bruxelles, Bruno Van Pottelsberghe, July 2010.
- *Market size, competition and the product mix of exporters*, Research series 201010-202, National Bank of Belgium, Thierry Mayer, Marc J. Melitz, Gianmarco I.P. Ottaviano, October 2010.
- *Diversity of science linkages: a survey of innovation performance effects and some evidence from Flemish firms*, Economics-Ejournal, 2010-33, Cassiman, B., R. Veugelers and P. Zuniga, 2010.
- *A post-crisis policy agenda to revive Europe's Schumpeterian growth capacity*, Reflets et perspectives de la vie économique, vol. 0{2}, 15-24. Veugelers, R., 2010.
- *On young highly innovative companies: why they matter and how (not) to policy support them*, Industry and Corporate Change, 19, 4, 969-1007, Schneider, C. & R. Veugelers, 2010.
- *Towards a multipolar science world: trends and impact*, Scientometrics, 82, 2, 439-456, Veugelers, R., 2010.
- *An 'elite' brain drain: are foreign top PhDs in the US less likely to return home?* KUL-MSI Working Paper, Van Bouwel, L. & R. Veugelers, 2010.

EFIGE working papers

- *Margins of international banking: is there a productivity pecking order in banking, too?* - IAW: Claudia Buch, Cathérine Tahmee Koch and Michael Kötter, January 2010
- *The tip of the iceberg: modeling trade costs and implications for intraindustry reallocation* - CEPR: Alfonso Irarrazabal, Andreas Moxnes and Luca David Opromolla, February 2010
- *Do sales tax credits stimulate the automobile market?* - Carlos III: Jiawei Chen, Susanna Esteban and Matthew Shum, February 2010
- *Are exporters more likely to introduce product innovations?* - Ld'A: Massimiliano Bratti and Giulia Felice, March 2010
- *Network and border effects: where do foreign multinationals locate in Germany?* - IAW: Julia Spies, March 2010
- *Firm size and the extensive margin* - IEHAS: Laszlo Halpern and Balazs Murakozy, April 2010
- *The global operations of European firms – Second Efige Policy Report* - Giorgio Barba Navaretti, Ld'A, Matteo Bugamelli, Bank of Italy, Fabiano Schivardi, CEPR, Carlo Altomonte, Bruegel, Daniel Horgos Ld'A and Daniela Maggioni, Ld'A, June 2010
- *Clustering the winners: the French policy of competitiveness clusters* - CEPPII: Lionel Fontagné, Pamina Koenig , Florian Mayneris and Sarah Poncet, July 2010
- *Product adjustments: a firm-level analysis of the impact of a real exchange-rate shock* - CEPR: Andreas Moxnes and Karen-Helene Ulltveit-Moe, July 2010
- *Export growth and factor market competition: theory and some evidence* - Ld'A: Julian Emami Namini, Giovanni Facchini and Ricardo A. Lopez, December 2010

Events

Conferences

18 June 2010

EFIGE Scientific Workshop and Policy Conference

- **Organiser:** Bruegel and Bank of Italy
- **Location:** Rome, Italy
- **Attendees:** 70
- **Main speakers:** Michel Barnier (European Commission, Internal Market), Mario Draghi (Bank of Italy).

Workshops

11 January 2010

EU 2020: Building blocks for Europe's growth and employment strategy

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Gilles Briatta (SGAE, Paris), Lorenzo Codogno (Ministry of Finance, Rome, and EPC), Claudia Dörr (Ministry of Economics, Berlin), Gert-Jan Koopman (European Commission, DG ECFIN), Piotr Serafin (UKIE, Warsaw), Michel Servoz (SecGen), Robert Verrue (European Commission, DG Employment), and Bruegel fellows Carlo Altomonte, Jean Pisani-Ferry, André Sapir, Nicolas Véron and Jakob von Weizsäcker.

22 February 2010

Mission-Oriented CC RTD

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Stephen Boucher (European Climate Foundation), Jean-Claude Burgelman (European Commission, DG RTD), Mathias Dewatripont (ULB), Peter Dröll (European Commission, DG Enterprise), Dominique Foray (EPFL, Lausanne), Bronwyn Hall (Berkeley), Georg Licht (ZEW), Andreu Mas-Colell (UPF), Stefaan Vergote (European Commission, DG Climate Action), Peter Zapfel (European Commission, DG Climate Action).

27 April 2010

The economic impact of private equity investment

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Martin Baily (Brookings), Vitor Gaspar (Bank of Portugal), Olivier Guersent

(European Commission, Cabinet Commissioner Barnier), Andrew Joy (Cinven), Josh Lerner (Harvard Business School), John Monks (ETUC), Vincenzo Morelli (TPG Capital), Ludovic Phalippou (University of Amsterdam), Jim Pittman (Public Sector Pension Investment Board of Canada), Peter Praet (National Bank of Belgium), Joseph Rice (Clayton Dubilier & Rice), Per Strömberg (SIFR), Ieke van den Burg (former MEP), John Van Reenen (LSE), Richard Wilson (Apax Partners), and Bruegel fellows Nicolas Véron and Reinhilde Veugelers.

26 May 2010

Bruegel – Finance and growth: evidence and trajectories in Europe

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Ray Barrell (NIESR), Laurent Clerc (Banque de France), Boris Cournède (OECD), Michel Dietsch (University of Strasbourg), Charles Goodhart (LSE), Jordi Gual (La Caixa), Joerg Rocholl (ESMT), Martin Spolc (European Commission, DG MARKT).

31 May 2010

Bruegel – The global operations of European firms

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speakers:** Giorgio Barba Navaretti (University of Milan and Centro Studi Luca d'Agliano) and Matteo Bugamelli (Bank of Italy).

Policy panels and publication launches

8 November 2010

Bruegel – Policy Brief Launch Young leading innovators and EU's R&D intensity gap

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speakers:** Reinhilde Veugelers (Senior Fellow, Bruegel and Professor, KUL), Michele Cincera (Scientific Fellow, IPTS and Associate Professor, ULB), Waldemar Kütt

(European Commission, Cabinet Commissioner Geoghegan-Quinn), Richard Hudson (CEO and Editor, Science Business), Matthew Heim (Senior Director, Government Affairs & Counsel, Qualcomm).

Seminars

16 September 2010

Bruegel – Competition policy in the knowledge economy

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speakers:** Lars-Hendrik Röller (ESMT), Paul Seabright (Toulouse School of Economics), Hal Varian (Google), and Bruegel fellows André Sapir and Reinhilde Veugelers.

Lunchtalk@bruegel

26 April 2010

Bruegel – The economic impact of ICT

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speakers:** Gerard De Graaf (European Commission, General Secretariat), Lucilla Sioli (European Commission, DG INFSO) and John Van Reenen (London School of Economics).

D. COMPETITION AND REGULATION IN A MORE INTERVENTIONIST EUROPE

Areas of focus:

The new discussion on state intervention

Research team:

Coordinator: Reinhilde Veugelers.

Contributors: Philippe Aghion, André Sapir and Nicolas Véron

The trade-offs of financial regulatory reform

Research team

Coordinator: Nicolas Véron

Contributor: Zsolt Darvas, Benedicta Marzinotto, Garry Schinasi and Jakob von Weizsäcker.

Research activities

Research on *The new discussion on state intervention* was initiated in 2010 but did not give rise to many publications in the course of the year. Publications on industrial policy and on market leadership and technology leadership are scheduled for publication in 2011. Similarly a Blueprint on the future of the CAP is scheduled for 2011. The project on corporate champions was significantly delayed.

Within *The trade-offs of financial regulatory reform*, more than 10 publications were launched and a series of workshops and meetings took place, as indicated below. Additionally twelve seminars took place, among which the well established event series **Finance Focus Breakfasts**, coordinated by senior fellow **Nicolas Véron**, continues to serve market participants, policymakers and academics interested in financial market issues.

Research Publications

Bruegel publications

- *Financial-transaction tax: small is beautiful*, Policy Contribution, Zsolt Darvas, Jakob von Weizsäcker, February 2010
- *The role of state aid control in improving bank resolution in Europe*, Policy

- Contribution, Mathias Dewatripont, Peter Praet and André Sapir, May 2010
- *The relationship between health and growth: when Lucas meets Nelson-Phelps*, Working Paper, Philippe Aghion, September 2010
 - *Young leading innovators and EU's R&D intensity gap*, Policy Contribution, Michele Cincera, Reinhilde Veugelers, September 2010
 - *Not all financial regulation is global*, Policy Brief, Stéphane Rottier, Nicolas Véron, September 2010
 - *An assessment of the G20's initial action items*, Policy Contribution, Stéphane Rottier, Nicolas Véron, September 2010
 - *The unequal effect of new banking rules in Europe*, Policy Contribution, Benedicta Marzinotto, Jörg Rocholl, October 2010
 - *Reform of the global financial architecture*, Working Paper, Garry Schinasi, October 2010
 - *EU financial regulatory reform: a status report*, Policy Contribution, Nicolas Véron, December 2010

External publications:

- *The EU and financial regulation: power without purpose?*, Elliot Posner, Nicolas Véron, Journal of European Public Policy 17-3, March 2010
- *The role of state aid control in improving bank resolution in Europe*, Policy Contribution, André Sapir, Mathias Dewatripont, May 2010
- *Market integration and technological leadership in Europe*, René Belderbos & Leo Sleuwaegen & Reinhilde Veugelers, European Economy Economic Papers 403, Directorate General Economic and Monetary Affairs, European Commission, 2010
- *Financial stability and policy cooperation*, Working Paper, Banco de Portugal, Economics and Research Department, Vítor Gaspar, Garry Schinasi, July 2010
- *La crisis bancaria en Europa*, Nicolas Véron, Anuario Internacional CIDOB, Centro de Estudios y Documentación Internacional de Barcelona, July 2010

- *On young highly innovative companies: why they matter and how (not) to policy support them*, Cédric Schneider & Reinhilde Veugelers, Industrial and Corporate Change, Oxford University Press, vol. 19(4), pages 969-1007, August 2010
- *La Normalisation comptable internationale après David Tweedie*, Nicolas Véron, Revue d'Economie Financière, December 2010

Events

Workshops and seminars

30 March 2010

Towards Economic Union: A new Strategy for the Single Market

- **Organiser:** Bruegel and Bureau of European Policy Advisers (BEPA)
- **Location:** European Commission, Brussels
- **Contributors:** Marco Buti (Director General, European Commission, DG ECFIN), Daniel Daianu (Professor of Economics, SNSPA, Bucharest, Former Finance Minister of Romania and former MEP), Mario Monti (President, Bocconi University, former European Commissioner and Bruegel honorary chairman), Jean Pisani-Ferry (Bruegel), Paola Testori Coggi (Director General, European Commission, DG SANCO), Robert Verue (Director General, European Commission, DG EMPL).

2 June 2010

The new UK government speaks on financial services reform

- **Organiser:** Bruegel, HM Treasury
- **Location:** Bruegel, Brussels
- **Speakers:** Mark Hoban (Financial Secretary to the Treasury, UK), Nicolas Véron (Bruegel)

9 July 2010

Improving Corporate Governance in the Financial Sector in the EU

- **Organiser:** Bruegel, National Bank of Belgium
- **Location:** National Bank of Belgium, Brussels

- **Contributors:** Peter Praet (National Bank of Belgium), Jean-Paul Servais (CBFA), Nicolas Véron (Bruegel), David Wright (European Commission).

4 October 2010

What makes evidence-based social policies?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Martin Hirsch (French former high-commissioner for workfare policy), experts from European Institutions and Bruegel.

12 October 2010

Corporate governance of state owned enterprises

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Dominika Baltowska (Chief specialist at the Economic Council to the Prime Minister of Poland), Ralph De Haas (Senior Economist at Office of the Chief Economist, EBRD), Dag Detter (Former President of Stattum and Former Director at the Swedish Ministry of Industry), Jean Pisani-Ferry (Bruegel), Agata Wactawik-Wejman (President of INPRIS, Poland).

Policy panels and publication launches

31 August 2010

Not all financial regulation is global

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Ulrike Guerot (ECFR), Stéphane Rottier (National Bank of Belgium), Nicolas Véron (Bruegel).

21 September 2010

The unequal effect of new banking rules in Europe

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Benedicta Marzinotto (Bruegel), Jörg Rocholl (ESMT & Bruegel) and Alexander Schulz (Bundesbank).

Lunchtalk@bruegel

31 May 2010

Evolution and Practice of Anti-Monopoly Law in China

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Stephen Kinsella (Sidley Austin), Lars-Hendrik Röller (ESMT and Bruegel), Chanqi Wu (Beijing University).

4 June 2010

A macroprudential policy mechanism for the management of credit supply

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speaker:** Charles Haswell (HSBC)

Bruegel Economic Policy Seminar

9 February 2010

Regulating Financial Markets and Institutions

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Speaker:** Richard Portes (London Business School, CEPR)

8 July 2010

Do Product Market Regulations in Upstream Sector Curb Productivity Growth? Panel Data Evidence for OECD Countries

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Jacques Mairesse (CREST, INSEE, National Bureau of Economic Research –NBER, University of Maastricht), Giuseppe Nicoletti (OECD), Johannes Van Biesebroeck (KU Leuven, CEPR and NBER).

Finance Focus Breakfast

12 January 2010

Financial System Reform for the 21st Century: Glass-Steagall Redux?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Vitor Gaspar (BEPA), Alberto Giovannini (Director General, Unifortune Asset Management).

23 February 2010

Are we on a path towards financial deglobalisation?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Baudoin Regout (McKinsey Global Institute), Charles Roxburgh (McKinsey Global Institute).

23 March 2010

The Challenge of taxing systemic risk

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Peter Grasman (European Commission, DG ECFIN), Ulich Klüh (German Council of Economic Experts), Enrico Perotti (University of Amsterdam).

3 June 2010

'The Future of Central banking': A book by Howard Davies and David Green

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Howard Davies (LSE), David Green (UK Financial Reporting Council), Peter Praet (National Bank of Belgium).

8 July 2010

The Derivatives Clearing Reform: What Is at Stake?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Matthias Graulich (Eurex Group), Sebastijan Hrovatin (European Commission), Andrew Hudis (Goldman Sachs).

20 July 2010

FSB and its efforts to reduce moral hazard risks of SIFI's

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Eva Hüpkens (Financial Stability Board), Mario Nava (European Commission, DG MARKT); Stéphane Rottier (National Bank of Belgium).

21 October 2010

How Will the New European Financial Supervisors Work in Practice?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Fabrice Demarigny (Head of Capital Market Activities, Mazars Group), Mats Persson (Director, Open Europe), Arnoud Vossen (Secretary General, Committee of European Banking Supervisors).

19 November 2010

Taking Stock of the Vienna Initiative

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Erik Berglof (EBRD), Rainer Münz (Erste Group), György Surányi (Intesa Sanpaolo), Shahin Vallée (BNP Paribas & Bruegel).

16 December 2010

A Global Risk Map: Is It Feasible? How To Do It?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributor:** Jan Pieter Krahenen (Professor of Finance, Goethe University, Frankfurt)

Bruegel Economic Club Dinner

One dinner of the Bruegel Economic Club was devoted to Competition and regulation in the more interventionist Europe:

- 8 March 2010 - Bruegel Economic Club Dinner with **Mario Monti** (President, Bocconi University, Honorary President, Bruegel)

E. CLIMATE AND ENERGY IN THE POST-COPENHAGEN CONTEXT

Areas of focus

Drivers of green innovation and growth and their impact on European industry and international trade; Border Carbon Adjustments; Cross-country distributional effects

Research team

Coordinator: Georg Zachmann
Contributor: Philippe Aghion, Henrik Horn, André Sapir and Reinhilde Veugelers

Research activities

On *green innovation*, Reinhilde Veugelers published a paper on whether the EU Climate Change Policy mobilises innovation. The paper makes the point, that the lack of a predictable and high carbon price challenges the necessary investments in green innovation. In the special event series, three sessions were devoted to green innovation. Finally, a proposal for a project dealing with green innovation for the European research framework programme was prepared.

On the *Cross-country distributional effects area*, the policy brief *'Is European climate policy the new CAP?'* was published in January 2011. The study made the point that the adverse economic effects of the ETS are largely compensated at the national level. Apart from these three main areas, work on the design of energy markets in the EU was undertaken, resulting in the Policy Brief "Power to the people of Europe"; a conference on supply security; an event on the interaction of networks as well a workshop on "smart grids". In the context of the upcoming infrastructure legislation and the move towards the completion of the internal market research has been conducted that will lead to further output in 2011.

Seven publications were launched and numerous of events took place. The special event series **Energy and Climate Exchange** continued throughout 2010 (listed below).

Coordinated by **Georg Zachmann**, this series of events is specially targeted at market participants, policymakers and academics interested in *Climate and energy* issues.

Research Publications

Bruegel publications

- *Power to the people of Europe*, Policy Brief, Georg Zachmann, April 2010
- *EU Climate Change Policy: Mobilising Innovation?*, Bruegel Paper, Reinhilde Veugelers, October 2010
- *Rare earth - no case for government intervention*, G20 Monitor, Georg Zachmann, November 2010

External publications

- *Catching the maximum market value of electricity storage – technical, economic and regulatory aspect*, Xian HE & Georg Zachmann, 2010, "RSCAS Working Papers 2010/02, European University Institute
- *The Dynamics of Global Crude Oil Production*, Aleksandar Zaklan & Georg Zachmann & Anne Neumann, 2010, Discussion Papers of DIW Berlin 1075, DIW Berlin, German Institute for Economic Research
- *Inefficient arbitrage in inter-regional electricity transmission*, Derek Bunn & Georg Zachmann, Journal of Regulatory Economics, Springer, vol. 37 (3), pages 243-265, June 2010
- *Plädoyer für eine europäische Netzplanung*, Georg Zachmann, EurActiv YellowPaper:EU Energiepolitik (http://www.euractiv.de/fileadmin/user_upload/documents/YellowPaper_EU_Energiepolitik.pdf)
- *Combining Energy Networks: What happens to Belgian electricity prices when Russia cuts the gas for East Europe?* with Hennes Weigt (European University Institute), 17 November 2010

Events

Conferences

14 October 2010

European Energy Supply Security

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Main Speakers:** Jean Michel Glachant (Florence School of Regulation), Francois Levêque (Ecole des Mines de Paris), Cécile Maisonneuve (AREVA), Bill Nuttal (University of Cambridge), Ignacio Perez-Arriaga (MIT, Comillas), Sophia Ruester (Florence School of Regulation), Jean-Arnold Vinois (European Commission, DG ENER), Christian Von Hirschhausen (Berlin University of Technology), Georg Zachmann (Bruegel)
- **Further contributors:** Dries Acke (ECF Energy Strategy Centre), Kavita Ahluwalia (E3G), Arno Behrens (CEPS), Daniele Benintendi (Fondazione Eni Enrico Mattei - FEEM), Mukund Bhagwat (Aurubis Belgium nv), Amber Cosentino (US Mission to the EU), Andreas Ehrenmann (GDF Suez), Zacharie Gross (AREVA), Peter Koh (Mlex), Sanjeev Kumar (E3G), Anta Ndoye Faye (Bruegel), Elsa Özmen (European Commission), Edith Pike-Biegunska (RAP - Regulatory Assistance Project), Julian Pestiaux (European Commission), Aurélie Portalier (Le Cercle de l'Industrie), Milda Urbonaitė (Chief Specialist, Ministry of Energy, Lithuania), Pierre Wunsch (Cabinet of the Deputy Prime Minister and Minister of Finance, Belgium), Hengyuan Yan (China Economic Daily)

Workshops

8 June 2010

Energy and climate scenarios to 2050: policy insights from the EC sponsored project PLAN-ETS

- **Organiser:** Bruegel, Fondazione Eni Enrico Mattei (FEEM)
- **Location:** Bruegel, Brussels
- **Contributors:** Jos Delbeke (European

Commission, DG Climate Action), Alain Haurie (Ordecys and University of Geneva), Martin Huemer (European Commission, DG RTD), Filip Johnsson (Chalmers University), Bob Van Der Zwaan (ECN), Massimo Tavoni (FEEM) and Reinhilde Veugelers, Georg Zachmann (Bruegel).

Policy panels and publication launches

7 June 2010

Power to the People of Europe

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributors:** Jean Pisani-Ferry (Bruegel), Matti Supponen (European Commission, DG TREN), Georg Zachmann (Bruegel).

Energy and Climate Exchange

22 February 2010

US Technology policy and the development of semiconductors, computer hardware, and computer software industries in the US: A policy model for climate-change R&D?

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributor:** David C. Mowery (Haas School of Business U.C. Berkeley & NBER).

31 March 2010

The Invention and Transfer of Renewable Energy Technologies

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributor:** Nick Johnstone (OECD Environment Directorate).

4 May 2010

Have the costs of achieving 2 Celsius been under-reported? An analysis of integrated assessment model results

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributor:** Massimo Tavoni (FEEM and Princeton University).

11 June 2010

Taxation, Innovation and the Environment

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributor:** Michael Ash (OECD).

28 October 2010

*Smart Grid Investments and Network
Regulation: Who Is In Charge?*

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributor:** Per Agrell (UCL & FEEM).

17 November 2010

*Combining Energy Networks: What happens to
Belgian electricity prices when Russia cuts the
gas for East Europe*

- **Organiser:** Bruegel
- **Location:** Bruegel, Brussels
- **Contributor:** Hennes Weigt (European
University Institute)

MEDIA AND COMMUNICATION

Media impact

Bruegel's presence in the press has improved considerably across all media during 2010. Editorial coverage increased by 61 percent with 1895 Bruegel mentions in the media in 2010, compared to 1176 in 2009.

Coverage in Bruegel's target media has increased by 65 percent in 2010, which reflects the additional effort made to reach targeted audiences. Similarly, Bruegel is prominent in the key international media (Financial Times, New York Times, International Herald Tribune, Wall Street Journal, The Economist and Time), where the number of mentions has grown by 92 percent to 129 mentions in the twelve months to 31 December 2010.

In terms of the type of articles published, there has been a huge increase in the number of opinion pieces, with 600 op-eds published in 2010 compared to 132 in 2009. The increase is mainly due to the use of a syndication service which provides a better distribution network. Of the total 600 opinion pieces published, 147 were placed in target media.

Looking at geographical spread Bruegel had an impressive presence in media across more than 75 countries in different regions, with a prominent presence in Europe from where 47% of the mentions come. More importantly, Bruegel has prominent presence in international media (ie. media with readership in more than one region), where the number of mentions increased by 92 percent to 248 in 2010 compared to 129 mentions the previous year.

Additionally Bruegel has continued improving its presence in the broadcast media with more than 100 interviews for both TV and radio. We have also defined a better focus on blogs which have proven to be very influential and Bruegel's presence on the online media and blogs has increased by 13 percent to 345, which shows a growth opportunity in this type of media.

Website

Bruegel's website is the backbone of Bruegel's dissemination strategy as it serves as a repository of all Bruegel publications, published and archived online. It also serves as a platform for the promotion of events and other activities. In 2010 there were 142,438 visits to the website from 95,015 unique visitors.

During 2010 Bruegel developed a new website launched in 2011, featuring a complete new design and better content architecture to meet the requirements of the growing number of items produced by Bruegel.

Looking at geographical spread, most of the visits came from Europe and the United States. However, the website recorded hits from more than 100 countries, reflecting the relevance of Bruegel's research beyond Europe and the US.

It is interesting to note that visits to the website peaked in November at 20,000 unique visits due to the interest generated by the launch of Bruegel Blueprint *A European mechanism for sovereign debt crisis resolution: a proposal*.

FUNDED RESEARCH PROJECTS

Bruegel now benefits from a number of funded research projects. These are funded by International or European institutions, as well as by private entities and cover activities such as research, project management and dissemination. Funded research projects at Bruegel represent around 15% of Bruegel's annual income.

Grants awarded to Bruegel in 2010

Project Name: Study on reform options for the global reserve system and their implications for the EU economy

Project in partnership with *Centre d'Etudes Prospectives et d'Informations Internationales (CEPII)*

Description: Develop, analyse and evaluate different options for reform and/or scenarios for plausible market-driven developments of the global reserve currency system.

Duration: September 2010-August 2011

Funding Organisation: European Commission, Directorate General for Economic and Financial Affairs

Project Name: Development of the Asia Europe Economic Forum

Project in partnership with *Centre d'Etudes Prospectives et d'Informations Internationales (CEPII)*, *Center for Economic Policy Research (CEPR)*, *Asian Development Bank Institute (ADBI)*

Description of Research Project: Following the success of the AEEF in 2006-2009, DG ECFIN has agreed to grant funding to strengthen the partnership by setting up a formal network which would support the organisation of a 2010 and a 2011 conferences and the setting up of dissemination activities. Funding has also been given the AEEF partners: CEPR through their FP7 PEGGED project; ADBI); French Ministry of Finance and Korean Embassy.

Duration: January 2010-January 2011

Funding Organisations: European Commission, Directorate General for Economic and Financial

Affairs; European Commission, DG Research (FP7 PEGGED project); Asian Development Bank

Projects conducted during 2010 (grants awarded to Bruegel in 2009)

Project Name: The Transatlantic Relationship in an Era of Growing Economic Multipolarity
Project in partnership with the *Peterson Institute for International Economics*

Description of Research Project: Identify and analyse the dynamics of the economic and political subject areas that will in the coming years dominate the policy agenda of both the external EU-U.S. engagement with major emerging economies, as well as bilaterally across the Atlantic.

Project Duration: January 2010-December 2011

Funding Organisation: European Commission, DG RELEX

Project Name: Provision of external expertise in monetary and economic policies

Description of Research Project: Provision of briefing notes which give a critical and independent analysis of the monetary policy of the European Central Bank as well as evaluate general issues in connection with monetary, economic and fiscal policies in the EU.

Project Duration: September 2009-August 2014

Funding Organisation: European Parliament – Economic and Scientific Policy Department

Project Name: Strategic Partnership agreement with the German Marshall Fund

Description of Research Project: The strategic partnership is to leverage Bruegel's intellectual expertise, GMF's convening capabilities and networks in Washington and across Europe, and GMF's growing in-house expertise across specific programme areas: Financial Crisis; Central and Eastern European (CEE) economies and economic relations with the CEE countries; Climate Change Policies and Competitiveness.

Project Duration: Jan 2009-Dec 2011

Funding Organisation: German Marshall Fund

**Projects conducted during 2010
(grants awarded to Bruegel in 2008)**

Project Name: EFIGE - "European Firms in a Global Economy: internal policies for external competitiveness"

Project in Partnership with: *Universidad Carlos III (Madrid); Centre for Economic Policy Research (London); The Institute for Applied Economic Research (Tubingen); Centro Studi Luca d'Agliano (Milan); UniCredit (Milan); Centre d'Etudes Prospectives et d'Information Internationales (Paris); The Institute of Economics of Hungarian Academy of Sciences (Budapest)*

Associate Partners: Bank of France; Bank of Italy; Bank of Spain; Bundesbank; National Bank of Belgium; OECD

Description of Research Project: Assessment of the internationalisation patterns of European firms through the creation of a pilot dataset, based on a survey of firm-level data in

seven countries (AT, FR, DE, HU, IT, ES, GB).

Project Duration: September 2008-September 2012

Funding Organisation: European Commission, DG Research, 7th Framework Programme

Project Name: The Euro at 10: Time for Greater Transatlantic Economic Cooperation?

Project in partnership with the *Peterson Institute for International Economics*

Description of Research Project: Series of conferences: "The Euro at 10: The next global currency?" 10 October 2008, Washington DC; "Transatlantic Comparison of Policy Responses to the Financial Crisis" 10-11 September 2009, Rome; "The Euro and the crisis and beyond" 17 March 2010, Dallas. Two Conference volumes published for each of the first two conferences, along with shorter action-oriented publications.

Project Duration: September 2008 to August 2010

Funding Organisation: European Commission, DG RELEX

Team Development

The following individuals joined Bruegel during 2010:

Christophe Gouardo, *Research Assistant*, joined Bruegel in July. He holds a Masters Degree in International and Development Economics from the University of Paris Dauphine, where he has also previously worked as a Research Assistant. His research interests include finance and development issues as well as fiscal policy.

Lucia Granelli, *Research Assistant*, joined Bruegel in September. She holds a Master's Degree in Economics from Sapienza University in Rome and an MA in European Economics from College of Europe in Bruges. She currently is a Ph.D. student in Economics at the Economics School of Louvain of the Louvain Academy (Belgium).

Mark Huberty, *Visiting Fellow* joined Bruegel in October. He is a doctoral candidate at the University of California, Berkeley, and a Research Associate at the Berkeley Roundtable on the International Economy. Prior to his doctoral work, Mark consulted for international firms at A.T. Kearney and Accenture. He holds degrees in Chemistry (Harvey Mudd College) and International Relations (The Johns Hopkins University - SAIS). His research covers the political economy of energy systems and the connection between climate change action, innovation, and economic growth.

Benedicta Marzinotto, *Research Fellow*, joined Bruegel in March. She is also a Lecturer in Political Economy at the University of Udine

and Visiting Professor at the College of Europe (Natolin Campus). She holds an MSc and a PhD in European Political Economy from the London School of Economics. From 2004 to 2009, Benedicta was a Research Fellow in the International Economics Programme at Chatham House and has experience as a freelance political economic analyst. She has held visiting positions at the Free University of Berlin and at the University of Auckland. Her research for Bruegel focuses on EU macroeconomic developments, EU Institutions, finance and growth.

Anta Ndoye Faye, *Research Assistant*, joined Bruegel in August. She holds a Master degree in Econometrics and Financial Markets and a Magistère d'Economiste Statisticien from the University of Toulouse. She is currently a PhD student in Microeconometrics at BETA (Strasbourg) and at the Konstanz Doctoral School in Quantitative Economics and Finance. Before joining Bruegel, she worked as a Teaching and Research Assistant in Mathematics, Microeconomics, Econometrics and Statistics at the University of Strasbourg and the University of Toulouse. Her research interests are labour demand, production function theory and competitiveness.

Jörg Rocholl, *Visiting Fellow*, joined Bruegel in September. He is a professor at the European School of Management and Technology where he also holds the Ernst & Young Chair in Governance and Compliance and is Associate Dean of Faculty. He holds an MPhil and PhD from Columbia Business School and an Economics degree from Universität Witten/Herdecke in Germany. His research

interests are in the areas of Corporate Finance, Corporate Governance, and Financial Intermediation.

Joan de Solà-Morales, Research Assistant, joined Bruegel in September. He holds an MSc in Competition and Market Regulation from the Barcelona Graduate School of Economics, jointly awarded by Universitat Pompeu Fabra (UPF) and Universitat Autònoma de Barcelona (UAB). He also holds a Licenciatura in Economics from UAB. His main research interests revolve around Competition Policy and Regulation.

Shahin Vallée, Visiting Fellow, joined Bruegel in November. He is an economist and strategist for BNP Paribas in London, focusing on Central and Eastern Europe, the Middle East and Africa (CEEMEA). He has graduate degrees in Economics and Public Policy from Sciences Po (Paris) and Columbia University (New York) and currently teaches at Sciences Po.

*During the course of 2010 Bruegel also benefited from the work of **Kenneth Iversen** (Research Assistant, February-May). Bruegel is also grateful to all those who completed internships during 2010: **Julian Boulanger, Andy Edgel, Anna Grabowska, Ela Ince, Sehaj Malik, Rosalba Nardelli, Dharini Parthasarathy, Marco Ricorda and Hendrik Worschech.***

*Bruegel owes a special thanks to departing Fellow **Jakob von Weizsäcker**. Jakob was present from Bruegel's birth and has been an invaluable member of the team. Apart from his insightful contribution to the intellectual life of Bruegel generally, Jakob's papers include the Blue Card proposal and the Blue/Red Bond proposal, both of which are still part of the mainstream EU policy discourse. We wish Jakob well in his new post of Head of Department at the Thüringen Ministry of Economics, Labour and Technology.*

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.

Since 2010, the association has had three categories of member. **State Members** are governments of member states of the European Union that 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 include the European Investment Bank and the EBRD.

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 2010, the

General Assembly met on 24 June for its statutory annual meeting and again on 25 November to agree subscription levels for 2011 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 2010, on 21 January, 23 June and 2 November. 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. the Scientific Council's chair is Giuseppe Bertola.

Bruegel's Research Programme is 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 2010 Bruegel's Board, members and management put into place preparations for a 'twin peaks' model of Research Programme: the annual programme will now be supplemented by a medium-term research perspective, agreed by the same process. All of Bruegel's research programmes since 2006 can be downloaded from Bruegel's website.

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/bruegel_files/Statutes_and_bylaws/Statuts_Modif_2010_FRENCH_NOV.pdf

Bruegel's bylaws:

http://www.bruegel.org/fileadmin/bruegel_files/Statutes_and_bylaws/Bylaws_EN_UPDATED_NOV_2010.pdf

2010 research programme:

<http://www.bruegel.org/download/parent/5-2010-research-programme/file/977-2010-research-programme/>

Financial statements

BALANCE SHEET 2010-2009		
	2010	2009
ASSETS		
FIXED ASSETS	321,906.97	369,571.36
Furniture and office equipment	283,704.94	369,571.36
IT development	38,202.03	
CURRENT ASSETS	407,472.42	949,961.97
Trades receivables	394,872.42	230,375.50
Other debtors	12,600.00	14,359.80
Funded project receivables		705,226.67
CASH AND FINANCIAL ASSETS	2,765,248.77	3,144,122.28
DEFERRALS AND ACCRUALS	57,724.97	51,109.66
Deferred rent	45,963.69	45,486.18
Deferred insurance		5623.48
Other deferrals	11,761.28	
TOTAL ASSETS	3,552,353.13	4,514,765.27
LIABILITIES		
CURRENT LIABILITIES	1,361,190.56	1,985,662.55
Trade payables	190,445.35	120,823.53
VAT payable	408,834.30	153,475.48
Prepaid income	162,500.00	349,252.35
Remuneration and social security payables	176,207.03	212,901.43
Funded project creditors	415,703.88	1,149,209.76
Accrued charges	7,500.00	
NET ASSETS		
NET ASSETS	2,041,162.57	2,529,102.72
Reserves		
Surplus/loss for the year	-487,940.15	-149,102.61
Accumulated reserves	2,529,102.72	2,678,205.33
TOTAL LIABILITIES AND NET ASSETS	3,011,638.30	4,514,765.27

INCOME STATEMENT 2010 - 2009

	2010	2009
REVENUE		
Subscriptions – State members (Annex 1)	2,085,864.00	1,966,467.00
Subscriptions – Corporate members (Annex 1)	889,166.67	808,333.33
Subscriptions – Institutional members (Annex 1)	87,500.00	50,000.00
Other revenue	1,680,960.61	1,276,447.10
Honoraria	18,888.14	4,886.04
Project-based funding (Annex 2)	1,399,941.00	1,103,467.26
Foundation grants (Annex 2)	175,859.00	134,356.20
Sales of publications	419.18	1,861.05
Travel expenses refunded	30,073.85	31,876.55
Financial income (gross)	8,736.76	21,410.52
Other income	47,042.68	
TOTAL REVENUE	4,743,491.28	4,122,657.95
EXPENSES		
Wages and Compensation	-2,642,776.00	-2,329,733.25
Project-related data collection costs (1)	-1,307,090.40	-626,731.60
Other operating expenses	-1,002,822.00	-1,035,385.82
Staff travel costs (2)	-136,308.00	-148,662.22
External research costs	-43,906.00	-24,700.62
Documentation costs	-37,007.00	-28,889.01
Outreach-related costs	-255,646.00	-345,680.27
Office rent and running costs	-368,286.00	-341,078.63
External professional services (3)	-154,701.00	-138,915.70
Financial charges	-6,968.00	-7,459.37
Depreciation charges	-128,742.00	-139,933.58
TOTAL EXPENSES	-5,081,430.40	-4,131,784.25
Surplus/deficit before extraordinary charges	-337,939.12	-9,126.30
Extraordinary items/bad debts (4)	-150,000.00	-139,976.31
Surplus/deficit after extraordinary charges	-487,939.12	-149,102.61

Notes:

- (1) Direct costs for the EFIGE survey, outsourced to a third party.
- (2) Net travel costs (travel costs – travel refunds) equalled €106.234,15 in 2010 and €116.785,67 in 2009.
- (3) In 2010 €20,000 was spent on the three-yearly independent review.
- (4) Extraordinary items in 2010 – writing off of unpaid corporate subscriptions.

ANNEX 1: CORE FUNDING

	2010	2009	Notes
Subscriptions – State Members			
Category 1	126,416.00	100,329.00	
Cyprus	31,604.00	30,099.00	
Lithuania	31,604.00	10,032.00	Joined 2009
Luxembourg	31,604.00	30,099.00	
Slovenia	31,604.00	30,099.00	
Category 2	63,208.00	60,198.00	
Ireland	63,208.00	60,198.00	
Category 3	568,872.00	541,782.00	
Austria	94,812.00	90,297.00	
Czech Republic	94,812.00	90,297.00	
Denmark	94,812.00	90,297.00	
Finland	94,812.00	90,297.00	
Hungary	94,812.00	90,297.00	
Sweden	94,812.00	90,297.00	
Category 4	379,248.00	361,188.00	
Belgium	126,416.00	120,396.00	
Netherlands	126,416.00	120,396.00	
Poland	126,416.00	120,396.00	
Category 5	948,120.00	902,970.00	
France	189,624.00	180,594.00	
Germany	189,624.00	180,594.00	
Italy	189,624.00	180,594.00	
Spain	189,624.00	180,594.00	
United Kingdom	189,624.00	180,594.00	
Subscriptions – Corporate Members			
	889166.67	808333.33	
Areva	50,000.00	50,000.00	
BNP Paribas Fortis	50,000.00	50,000.00	
BP	50,000.00	50,000.00	
Deutsche Bank	50,000.00	50,000.00	
Deutsche Telekom	50,000.00	50,000.00	
EDF	50,000.00	50,000.00	
Ernst & Young	35,000.00	0	Joined 2010
Erste Bank	41666.67	0	Joined 2010
France Telecom	50,000.00	50,000.00	
GDF Suez	50,000.00	50,000.00	
Goldman Sachs	50,000.00	50,000.00	
Google	25,000.00	0	Joined 2010
IBM	0	50,000.00	Lapsed 2009
Microsoft	8,333.33	0	Joined 2010
Nokia	0	50,000.00	Lapsed 2009
Novartis	50,000.00	50,000.00	
Pfizer	50,000.00	50,000.00	
Qualcomm	29166.67	0	Joined 2010
Renault	50,000.00	50,000.00	
Samsung	50,000.00	50,000.00	
Syngenta	50,000.00	8,333.33	
Unicredit	50,000.00	50,000.00	
Subscriptions – Institutional Members			
	87,500.00	50,000.00	
European Investment Bank	50,000.00	50,000.00	
European Bank for Reconstruction and Development	37,500.00	0	Joined 2010

ANNEX 2: PROJECTS AND GRANTS

2010 Funding source	PROJECTS				GRANTS	
	EFIGE	EPECON	EURO@10	TRAREL	ECF	GMF
European Climate Foundation					27,480.00	
European Commission - DG RELEX			13,146.15	29,111.45		
European Commission 7th Framework Programme	1,069,897.27					
European Parliament ECON committee		20,200.00				
German Marshall Fund						148,378.96
UniCredit (member of EFIGE consortium)	257,585.68					
Aggregate project costs	1,601,470.15	20,200.00	13,146.15	29,111.45	0	0
Contribution to overhead costs	-273,987.20	0	0	0	27,480.00	148,378.96

Note: The European Commission also directly paid the costs of accommodation and travel for the Asia Europe Economic Forum conference in Japan in 2010 (circa €75,000)

2009 Funding source	EFIGE	EPECON	EURO@10		ECF	GMF
European Climate Foundation					18,320.00	
European Commission - DG RELEX			97,400.87			
European Commission 7th Framework Programme	628,549.83					
European Parliament ECON committee		8,600.00				
German Marshall Fund						116,036.20
UniCredit (member of EFIGE consortium)	368,916.56					
Aggregate project costs	817,577.27	8,600.00	97,400.87		0	0
Contribution to overhead costs	179,889.12	0	0		18,320.00	116,036.20

Auditor's report

Marie-Chantal DEBROUX-LEDDET

Réviseur d'entreprises

Avenue Jean-François Debecker, 114, 1200 Brussels, Belgium

Tel. 00 32 2 775 88 20 • Email: leddet.mc@debroux.be

AISBL International Association
BRUEGEL, Rue de la charité, 33 - 1210 Brussels - Belgium

STATUTORY AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2010 to the General Assembly of the International Association to be held in June 2011

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 2010, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of €3,402,353.13 and a deficit for the year of €487,939.12.

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, 2010 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, 1 June 2011



Marie-Chantal DEBROUX-LEDDET
Certified Auditor

Bruegel's people

BOARD

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Anna Ekström, General Manager, Skolverket – the Swedish National Agency for Education

Jan Fischer, Vice President, Operational Policies, European Bank for Reconstruction and Development (EBRD)

Vittorio Grilli, Director General, Treasury – Ministry of Economy and Finance, Italy

Wolfgang Kopf, Senior Vice President for Public and Regulatory Affairs, Deutsche Telekom

Rainer Münz, Head of Research & Development, Erste Group

Jim O'Neill, Chairman, Goldman Sachs Asset Management (GSAM)

Lars-Hendrik Röller, President, European School of Management and Technology (ESMT)

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Jaume Ventura, Professor and Senior Researcher at the Centre de Recerca en Economia Internacional (Barcelona)

Luigi Zingales, Robert C. McCormack Professor of Entrepreneurship and Finance, University of Chicago Graduate School of Business

STAFF (as at 1 June 2011)

Director

Jean Pisani-Ferry

Research: Resident Scholars

Zsolt Darvas

Benedicta Marzinotto

André Sapir

Reinhilde Veugelers

Nicolas Véron

Guntram B. Wolff

Georg Zachmann

Research: Non Resident Scholars

Philippe Aghion

Alan Ahearne

Jürgen von Hagen

Henrik Horn

Dalia Marin

Gianmarco Ottaviano

Bruno van Pottelsberghe

Jakob von Weizsäcker

Research: Visiting Scholars

Carlo Altomonte

Ignazio Angeloni

Mark Huberty

Jörg Rocholl

Garry Schinasi

Shahin Vallée

Research Assistants

Tommaso Aquilante

Christophe Gouardo

Lucia Granelli

Silvia Merler

Anta Ndoye

Joan de Solà-Morales

Development, communications, operations, partnerships management (in alphabetical order):

Director for Development and Communications

Andrew Fielding

Elodie Colson, Research Partnerships Officer

Anna Grabowska, Research Partnerships Officer

Matt Dann, Secretary General

Stephen Gardner, Editing

Naiara Martinez Cabrera, Communication Manager

Delphine Michel, Research Partnership Manager

Sona Patel Amin, Accounting and HR Officer

Marco Ricorda, Communication Officer

Sarah Roblain, Administrative Assistant

Matilda Sevón, Events Coordinator

Ann Van Gyseghem, Executive Assistant

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