

RESEARCH PRIORITIES

2018



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CEPS Research Priorities for 2018

Overview

2017 was a remarkable year for Europe. The dark clouds that were looming over the EU at the start of the year gradually dissipated, creating a propitious atmosphere for much-needed constructive thinking on Europe. The economic prospects improved, the political orientation became more pro-European and a provisional deal was reached with the UK on a soft Brexit. Most importantly, the Brexit negotiations shifted the public debate on Europe, as it became clearer for many what the single market and the EU project means in practice, and what leaving the EU implies. From spring 2017 onwards, opinion polls indicated a clear trend break in popular sentiment towards the EU (Eurobarometer, Pew).

The more positive political context allowed European leaders to entertain initiatives in areas where progress would have been previously difficult to achieve. New items in the areas of security and defence, foreign policy and fiscal union were placed on the EU agenda and decisive steps forward have been taken.

But this is not the time to relax. Populism remains a concern for the EU, especially following the German elections. An even-larger share of the electorate is expected to support populist parties in the June 2019 European Parliament elections than is found in the current legislature, with all the obstacles that this entails for the decision-making process. The EU still has to deliver on the main items promised by the Juncker Commission, especially in the areas of energy, digital and capital markets union. Also on migration and the fight against terrorism, the advancement of the European agenda is unclear for European citizens, which nurtures populist movements.

Riding on the wave of Europe's new-found momentum, but also attending to the unfinished agenda and new emerging items will be at the centre of our work in 2018. The effects of digitalisation have become a major theme in many of our research units, whether from a micro or macroeconomic perspective, in public administration, security or defence. Sustainable development is the other major cross-cutting theme, playing a central role in energy and macroeconomic policy, in finance and digital.

"Europe - Back on track" is the title of the fifth CEPS Ideas Lab, to take place in Brussels on 22-23 February 2018. Even more than in previous years, this coming event will give participants the opportunity to share their insights on where Europe now stands and assess the direction in which the various tracks are taking the Union. We at CEPS are happy that we can provide fertile grounds to stimulate a healthy debate on Europe's future.

Economy

Within the Ageing Societies programme, activities will focus on health and well-being at older ages and their relation to labour market outcomes as well as the sustainability of public finances. At the macro level, we will assess the evidence for long-run associations between demographics and real interest rates. Another part of the 2018 work programme will investigate preferences for public spending over the life cycle, and how demographic ageing could influence the support

for redistribution across generations. We will also look at demographic divergences fuelled by mobility – rural-urban and across countries – within the EU. These features could all play a role in the changing political landscape in many European countries.

The programme on Economics of Migration continues its work on the integration of refugees and reform of migration management at the EU level, including the sharing of costs. At the centre of the research is the role of incentives facing all agents (migrants, national governments and EU institutions). A particular focus of 2018 will be analysis of the interaction between legal and irregular migration.

The programme on Macroeconomics will focus on two ‘old’ issues, now have now come back to centre stage of the EU debate: Convergence and productivity. The last few years have cast doubts on the idea that the EU and the euro foster convergence. Our research will focus on how different groups of countries (e.g. new member states and the periphery of the euro area) to show a different performance in terms of convergence. In this context, from a policy perspective, it is crucial to understand how differences in income per capita (the usual measure of convergence) are driven by productivity aspects (income per employed person) and by employment dynamics (share of the population that is employed). If convergence in terms of employment is as important as convergence in terms of productivity, regional support should focus more on labour markets. Moreover, in collaboration with other units, we will investigate whether there is convergence in other socio-economic indicators, such as education, the quality of governance, etc.

Other than in the context of convergence, understanding the drivers and dynamics of productivity remains a key question. One widely recognised driver is education, but the aggregate data point to a puzzle: over the last two decades, education levels have increased in all EU member states, but productivity growth has slowed. We will investigate this puzzle in collaboration with a network of specialised education economists.

Monetary policy will continue to be an important topic of interest for CEPS research. Understanding the impact of QE (quantitative easing) and its withdrawal on the stability of financial markets and the overall economy is still a question without a full answer. We will also analyse the appropriateness of the policy stance of the ECB in light of existing ‘rules of thumb’, like the Taylor rule.

Economic governance has always been a key topic of interest for CEPS and it will remain such in 2018. The year promises to bring a major reform in many aspects of the governance of the euro area. We will build on our strong record in this area to analyse existing and new reform proposals.

Jobs and Skills

2017 marked an important year for the social dimension of the European Union, with the adoption of the European Pillar of Social Rights and the Social Summit for Fair Jobs and Growth, which brought such issues as equal opportunities and access to the labour market, fair working conditions, social protection and inclusion, and social dialogue to the top of the policy agenda. With its focus on labour, education and social policy, the CEPS Jobs and Skills unit, closely follows these developments. In 2018, our research will primarily focus on work in the platform economy,

industrial relations and social dialogue, and innovation in education, in addition to other topics such as labour mobility and migration, social inclusion and labour market integration, employer practices.

Work in the platform economy

Over the last two years, the topic of work in the platform economy has developed into a research priority of the CEPS Jobs and Skills unit. With the proliferation of the platform economy in Europe and the emergence of new forms of work, questions have been raised about many aspects including working conditions (such as working time, remuneration), unfair competition, inclusion, access to social protection and representation.

In 2017, the unit completed a report on the impact of digitalisation and the platform economy on employment and industrial relations, in collaboration with other CEPS units, and performed a mapping of collaborative labour platforms operating in the EU. We will continue to work on this topic in 2018. More specifically, the unit is carrying out research on working and employment conditions related to specific types of crowd employment, conducting a comparative analysis of labour market intermediaries and online talent platforms, analysing issues linked to intellectual property rights, rankings, ratings, and vulnerability, as well as industrial relations and social dialogue in the platform economy. By exploring these topics from different angles, we aim to acquire a comprehensive overview of work in the platform economy.

Industrial relations and social dialogue

A second strand of work that the unit is developing relates to industrial relations and social dialogue. Social dialogue has since long been regarded as one of the prime building blocks of the European social model, which has been under severe pressure due to the recent crisis. Moreover, social dialogue itself is increasingly taking place in a much changed environment, as digitalisation, demographic change and other drivers are radically transforming Europe's labour markets. For these reasons, EU-level policy-makers have taken several initiatives to give a new impetus to social dialogue, focusing especially on those member states in which social dialogue is the least developed.

The CEPS Jobs and Skills unit aims to contribute to these developments by researching how social dialogue is articulated in the EU, as part of the EESDA project. More specifically, the interactions between private and public actors operating at different levels and the channels through which decisions, outcomes and positions are set will be examined. In the IRSDACE project, which focuses on industrial relations and social dialogue in the platform economy, the Jobs and Skills unit is exploring the role of traditional social partners and new forms of representation and organisation in assuring the rights of platform workers. This is a highly topical project, in light of the protests, strikes and actions undertaken by platform workers (e.g. Deliveroo bikers or Uber drivers).

Innovation in education

With the future of work high on the agenda, and the rise of new jobs in the labour market, education and skills have similarly received much attention in recent years. Digital skills in particular are high in demand, including for low- and medium-skilled professions. At the same time, many workers currently lack even basic digital skills, resulting in a skills mismatch. This raises questions on how to ensure that the labour force of the future is equipped with the necessary skills, while also ensuring that the current labour force's skills are up-to-date. As

technologies are quickly evolving, this presents major challenges to educational systems, as well as to the workers involved for whom lifelong learning is fundamental. New technologies also provide new opportunities for teaching and learning, for example through online course like MOOCs. The evidence on their effectiveness, however, is mixed.

Since 2017, the CEPS Jobs & Skills unit has coordinated the European Expert Network on the Economics of Education (EENEE), together with the ifo Institute. In the past year, the unit has carried out research on the advantages of early childhood education and care and the conditions under which these can be realised and on the potential of carrying out a cost-benefit analysis on preventive, intervention and compensatory measures addressing early school leaving. Education and skills will remain an important focus of the unit throughout 2018.

Finance

Last year marked the tenth anniversary of the outbreak of the global financial crisis, which so vividly demonstrated the fragility of the financial system. A decade later regulators, supervisors and financial institutions in Europe are still addressing the problems that were exposed then. The focus of the policy debate has clearly shifted over the intervening years from i) crisis management, ii) to reform of the legislative framework and iii) now refinement. The CEPS Financial Markets and Institutions unit has contributed to the EU policy debate with dedicated events, task forces and publications related to almost all relevant topics in its domain in the last decade and is committed to continuing this work in 2018. There are no major changes expected in the topics that are debated at EU level, but the emphasis is likely to change when the impact of the major developments in finance such as digitalisation, Brexit and climate change, become clearer.

Looking at the ongoing refinement, our aim is on the one hand to ensure that legislative and supervisory reforms actually enhance financial stability as intended. The state aid to three banks in Italy last year might provide the strongest evidence that the supervisory and resolution framework needs some modifications to avoid bank bail-outs as intended with the introduction of the resolution mechanism for banks. The European Commission has already addressed some of the necessary refinements in the 2016 EU Banking Reform package that is currently still being negotiated with co-legislators, but more may need to be done to make the framework work as intended. At the same time, the prudential requirements for banks will need to be amended to address the recent agreement on the modification of the capital legislation in Basel. CEPS will continue to follow these developments closely with events and publications on the implementation of the Banking Union, Banking Reform package and Basel. The unit has paid special attention to bank resolution, for which it has qualified as one of the official experts of the European Parliament.

On the other hand, the efforts at refinement are aimed at making the financial system more efficient and to address major developments that affect financial markets and institutions, such as digitalisation, low interest rates, Brexit and climate change. The discussion on how to enhance the efficiency of the new legislative framework without harming financial stability still seems in its infancy. There are some first attempts to enhance the efficiency such as reduced reporting requirements for smaller entities in the Banking Reform package and more centralised decision-making of the European Supervisory Agencies, but there still seems substantial room for

enhancing efficiency. The unit is exploring the possibility to conduct a study on compliance costs in the financial sector, assessing the costs and main drivers of compliance in various financial regulations and supervisory reporting to explore potential avenues for reduction of these costs. In addition, the unit continues its work on the impact of digitalisation, sustainable finance and Brexit with numerous events and publications. In the field of digitalization, extra attention will be devoted to cyber-security. The Task Force on “Cybersecurity in Finance: Getting the policy mix right!” will be completed in the course of the year.

Moreover, two important elements of the post-crisis reform of the legislative framework remain pending: the single deposit insurance for the Banking Union and the Capital Markets Union to reduce the European economy’s reliance on bank intermediation. In 2018, CEPS will primarily focus on the development of Europe’s capital markets now that deposit insurance has become conditional on a successful refinement of banking regulation and supervision. The development of EU capital markets has become even more challenging with the announcement of the exit of UK, which is, including the City of London, the main host of financial markets in the Union. Some of the challenges that this will pose were addressed in the Mid-Term Review of the Capital Markets Union (CMU) Action Plan, published in 2017. CEPS contributed to the Commission’s public consultation and closely monitored the developments in the CMU with publications and events. In addition, CEPS launched a Task Force focusing on how the asset management industry can be further developed to contribute to a more diverse EU financial system. The recommendations of the Task Force will be presented mid-2018.

Energy and Climate

With the Clean Energy for All package expected to be adopted throughout 2018, attention will turn to mobility and transport, following the two Commission packages in 2017. Much of the 2030 framework for energy and climate will therefore be implemented throughout 2018 and early 2019. The spotlight will be gradually focused on the decarbonisation of energy-intensive industries, which is the major challenge in the post-2030 period.

As a result, CEPS Energy Climate House (ECH) will shift its attention towards the transformation of new industrial value chains and their implications for European industrial and economic development.

The overriding priorities in 2018 will be low-emissions mobility, digital energy, the circular economy and the challenges of commodities and raw materials. A number of *ad-hoc* projects will focus on energy and resources, including electricity, gas, oil and ETS. Building on previous achievements, work on innovation and innovation finance and decarbonisation of industry, notably in the context of the forthcoming update of the low-carbon roadmap, will continue throughout the year. The CEPS ECH programme on Central and South East European energy co-operation will be further developed.

2018 will be the year to scale up work on the circular economy and green growth following the invitation to CEPS to join the global Green Growth Knowledge Platform. The Green Growth Knowledge Platform is the leading global network initiated by the Global Green Growth Institute (GGGI), the Organisation for Economic Co-operation and Development (OECD), the United Nations Environment Programme (UNEP) and the World Bank.

Selected programme highlights:

- First high-level annual flagship Conference on Low-Carbon Industry. The objective is to identify the principal challenges posed by the transition to the low-carbon economy, e.g. scale, finance, innovation and infrastructure but also strategies to manage industrial and social implications (April 2018)
- Follow-up to the publication of the CEPS Task Force report on “The Role of Business in the Circular Economy”: i) workshops complemented by short policy papers, e.g. circular economy aspects and cement, taxation and other economic instruments, public procurement; ii) conference on the macroeconomic impacts of the circular economy (September 2018)
- Task Force on Digitalisation of Energy
- Low-carbon mobility: a series of three half-day workshop with a focus on: i) value chain and industrial implications of the transition to low-emissions mobility, focusing e.g. on vehicles, fuels (electricity, biofuels, gas, hydrogen), suppliers, trade unions, maintenance industry etc.; ii) deployment policies: infrastructure, access to cities, etc. and iii) CO₂ targets for trucks and buses, e.g. implications for infrastructure, logistics, industrial implications
- Mineral raw materials: Industrial transformation and the implications for the mineral and raw materials industry – Publication and a series of workshops in Brussels and EU member states, e.g. Sofia, Berlin, Vienna
- Challenges of the low-carbon industry value chain: Report and a series of workshops in the context of the update to the EC low-carbon Roadmap
- Innovation and innovation finance: workshops on i) review of EU finance instrument, ii) technology-focused discussions; iii) long-term abatement potentials in energy-intensive industries; and iv) policies and funding instruments for longer-term decarbonisation of industry.
- Continuation of the work on ETS, e.g. i) the role of the ETS in the transport sector; ii) national carbon floors; and iii) achievements of the ETS – an international workshop with non-EU stakeholders
- Investment protection of EU renewable investment: follow up activities to the publication of CEPS ECH report

Global Governance, Regulation, Innovation, Digital economy

During 2018, the CEPS GRID unit will work on a number of research projects for EU institutions, as well as events on various topics, two brand new sectoral initiatives (on SDGs and AI), and as many as four new Task Forces. More in detail:

Projects

We are currently involved in framework contracts with several Directorates General of the European Commission (GROW, EMPL, ECFIN, EASME, DIGIT, Secretariat General) European Parliament ex post evaluation, Council ex ante impact assessment. These are constantly generating projects such as, for the time being:

- An impact assessment of the proposed Regulation on the EU Code of Good Administrative Behaviour, for the European Parliamentary Research Service.
- A research project on Technology Transfer in Europe, for DG Research.
- A Study on Composition and Driver of Energy Price and Cost, for DG GROW.

- A Study on the Competitiveness of the Renewable Energy Sector, for DG ENER
- An ex-post evaluation and impact assessment of the External Lending Mandate of the European Investment Bank, for DG ECFIN

Task

Forces

We plan several Task Forces this year, on the following subjects:

- Software Vulnerability Disclosure (ongoing). This Task Force, chaired by Marietje Schaake MEP, seeks to define guidelines to harmonize Coordinated Vulnerability Disclosure in Europe; and outline specific principles for member states for the development of a European vulnerability equity process.
- Better Regulation, to be re-launched in March to provide inputs to the Timmermans Task Force on Subsidiarity and Proportionality in the EU, as well as to reflect on the topics of science policy in Europe, and the improvement/optimisation of the policy process at the EU level.
- Artificial Intelligence, to be launched in the Spring. This Task Force will cover the ethical, policy and standardization challenges of AI in Europe, and possible actions to be taken to ensure its harmonious development.
- Towards a European Cyber Shield Agency (in cooperation with the Foreign Policy unit). This Task Force will start in February 2018 and will focus on building EU capabilities geared towards the detection, defence and deterrence of sophisticated cyber threats.
- Fake news. This Task Force, still under consideration, would stimulate the debate on how to fully appraise the fake news phenomenon, identifying suitable and proportionate solutions.

The new CEPS Sustainable Development Forum

We are actively working towards the creation of a CEPS sustainable development forum, which will aim at promoting a balanced, evidence-based and constructive debate on the implementation of the Sustainable Development Goals (SDGs) both at the global level and in the EU and its Member States. Its main focus will be the alignment of the EU 2030 agenda with the SDGs, and the joint pursuit of sustainable development at various levels of government in the European Union. At the same time, the CEPS SDF will focus on the role the EU can play in the promotion of SDGs at the global level, a goal that is explicitly reflected in the new EU Global Strategy launched by the High-Level Representative Mogherini in 2016. The proposed SDF will operate in many ways: by organizing stand-alone events and high-level talks on the evolution and implementation of the SDGs at the global, EU and national level; by co-organizing SDG-focused events in cooperation with individual CEPS units (e.g. the GRID, energy, agriculture, jobs and skills); by launching, later in 2018, a Task Force on the implementation of SDGs in the EU 2030 agenda; and by publishing blog posts and working papers on the dedicated website with continuity (the available budget and resources affect the number of publications that can reasonably be foreseen). Operationally, the CEPS SDF will open a dedicated website, which will become also a repository for working papers, important documents and audio-visual materials dedicated to the issue of sustainable development.

Trade policy

Within the GRID unit, activities will also focus on specific aspects of EU trade policy. In particular, the evolution of the Transatlantic relationship after the failure of the TTIP negotiations will be

subject to specific studies on regulatory cooperation. The issue of transatlantic data flows will be covered both through events organized in cooperation with the CEPS Digital Forum. A research project in cooperation with George Washington University (Susan Aaronson) and with Hannah Norberg (Trade Economista) will be launched by William Echikson and Andrea Renda during 2018 with funding from the Hewlett foundation, on the issue of Digital Protectionism. The evolving relationship between the EU and China will be analyzed by Jacques Pelkmans and Weinian Hu within the RESPECT project (on the strategic potential of EU trade policy, with respect to non-trade issues) funded by Horizon 2020; and also after the publication of the World Bank report on "New drivers of growth in China", to which Andrea Renda contributed as external academic advisor. Other activities will cover specific aspects of trade in the context of sustainable development, in particular for what concerns food sustainability and the CAP (in cooperation with the Fondazione Barilla); and transnational private regulation especially in the field of sustainability reporting.

Events

We are planning several events for this year, on a variety of topics ranging from Industry 4.0, artificial intelligence, electronic communications, blockchain technologies, fake news, the role of internet intermediaries and policies for online marketplaces, cybersecurity, better regulation, sustainable development and more. In addition, we are organising the European Social Innovation Forum (6 March, in cooperation with Hitachi); and a major conference on Food sustainability in Europe (in cooperation with the Barilla Foundation). We will update the CEPS corporate members on planned events on a regular basis throughout the year thanks to our new internal organisation, which foresees a specific project officer position in charge, i.a., of keeping relations with corporate members.

Rights and Security

EU Migration, Borders and Asylum Policies

Can the EU move beyond 'crisis mode' in migration policy? The EU refugee crisis that emerged in 2015 has put to a severe test the very foundations and legitimacy of the EU internal border-free Schengen area and EU values towards refugees.

Several EU member states are still applying internal border checks. Getting back on track in complying with EU internal border-free rules is becoming ever urgent. The new European Border and Coast Guard could play a more prominent role in ensuring common professional standards in border controls and surveillance and support member states across EU external borders.

The refugee crisis has also revealed the main deficiencies characterising the EU Dublin asylum system of sharing responsibility among EU member states. A new model must be urgently found to de-link the current regime from the first irregular entry rule and fully guarantee the principle of solidarity among EU member states and towards asylum seekers.

The EU must find specific and visible ways to restore 'normality' and strengthen the basis of European cooperation in these domains in ways that are fully compatible with EU values laid down

in the Treaties. This is particularly crucial in light of upcoming European Parliament elections, where migration can be expected to be one of the most controversial policy issues.

During 2018, the Rights and Security unit will closely monitor key developments in all these areas. A priority will be to continue to provide the best scientific evidence to inform these debates and allow for a rational and research-based understanding of the issues, dilemmas and possible ways forward in EU policy.

Fighting Terrorism and Crime through EU Criminal Justice and Police Cooperation

Several terrorist attacks in European capitals have raised profound concerns and awareness about the need to secure more EU involvement in the fight against terrorism and cross-border criminal activities. A key challenge remains how the EU security union can bring added value in this field in a way that leads to 'mutual trust' amongst competent authorities and citizens, and in a manner that safeguards democratic rule of law and fundamental rights values.

Our daily lives are increasingly connected and dependent on electronic communications. Access to e-data held by private companies (inside and outside the EU) offers great potential for law enforcement activities. Their use, however, also poses a number of dilemmas related to the rule of law, jurisdiction and privacy.

BREXIT brings additional challenges to effective security cooperation with the EU, as well as with the US. At the present time, it is largely uncertain what BREXIT will precisely mean for current EU counter-terrorism and crime-fighting, and which specific models of EU-UK future cooperation can be envisaged.

During 2018, the Rights and Security unit will follow up and deepen its previous research on EU counter-terrorism and crime-fighting policies regarding the use of e-evidence for law enforcement purposes both in the EU, and in cooperation with the US. It will also explore the main issues and possible future models of security cooperation in light of BREXIT.

Rule of Law and Citizenship of the Union

Democratic rule of law and fundamental rights lay at the very foundation of European integration. They constitute the premises of many EU policies where mutual confidence among EU member states' compliance with EU values is sine qua non of sustainable and legitimate cooperation.

Recent developments in Poland and Hungary offer a few illustrations where rule of law backsliding may happen. Daily compliance with EU Treaty principles cannot be taken for granted after accession. The EU engages in exhaustive rule of law monitoring of pre-accession countries as well as in its neighbourhood, including via financial instruments. A similar monitoring mechanism does not, however, exist post-accession. The fact that Article 7 TEU has been recently launched by the European Commission against Poland due to profound challenges to the independence of the judiciary illustrates the need for the EU to develop permanent and more robust and regular monitoring of EU values. European citizenship constitutes a unique achievement of European integration without precedent around the world. Moreover, the EU rights and freedoms of European citizens and residents constitute central components in fostering European identity and tangible evidence towards the electorate that the Union brings value to their daily lives.

Some EU citizens face a number of challenges in attempting to exercise their rights and move across border with their families and relatives. Some minorities still face discrimination and racism in ways that are incompatible with EU principles. An additional challenge remains the current situation and prospects for EU citizens residing in the UK, and UK nationals residing in the EU after BREXIT.

During 2018, the Rights and Security unit will continue and deepen its research on the ways in which the EU can further strengthen EU democratic rule of law and fundamental rights values across all EU member states, and in light of experiences in the Western Balkans and in Central and Eastern European countries. It will also explore the main developments, challenges and potential of European citizenship in an enlarged EU.

Politics and Institutions

Over the past few years, the EU has been weakened by a series of referenda, most spectacularly in the UK. Recent gains of populist forces in national elections have redrawn the political battle lines in Europe between those who believe in an open, free and global society, and those who do not. It is this tension that has led to the rise of the self-proclaimed ‘counter-revolutionaries’, who have changed the way in which Hungary and Poland are being governed (for research on the rule of law, see the plans of the JHA unit). It is the same tension that has led populists in Austria and the Czech Republic to assume the reins of power in the government. Generally speaking, however, Eurosceptic and anti-EU parties did not do as well as they were expected to at the outset of the turbulent election year of 2017. It is rather the victory of European integration ideals espoused by French President Macron’s movement and the resilience of the grand coalition in Germany that are expected to drive the EU agenda forward.

Whereas the message from the anti-EU party leaders is one of ‘taking back control’, polls suggest that European citizens support the euro and overwhelmingly want to see a better functioning EU in core areas such as migration, internal and external security (a ‘Europe that protects’) and public investment. The evidence speaks for citizens ‘taking control’ of ‘their’ European Union. How the EU responds to this challenge will partly define the next era of integration. By showing value added and strengthening the participation of citizens and their representatives in decision-making, as indeed the accountability of their governments of the commitments made, the EU can steal the demagogues’ thunder.

Towards a Citizens’ Union

It is this action that energises the European Policy Institutes Network (EPIN) to reinforce its activities on the ‘citizens’ union’. Within the Erasmus+ framework, the European Commission has awarded three of funding to CEPS and its 19 EPIN partners from a representative cross-section of 16 member states to carry out research and networking activities “Towards a Citizens’ Union” (2CU). Following a kick-off meeting in Berlin last October, EPIN members using the first half of 2018 to prepare country reports and papers on transversal aspects of ‘participatory democracy’. Drafts will be discussed in the context of the CEPS Ideas Lab in Brussels (February 2018) and at a workshop in Athens (June 2018) before compilation in a volume to be published by Rowman & Littlefield International (RLI). Commencing in September, initial research findings on ‘representative democracy’ will be tested in a simulation exercise on representative democracy in Copenhagen (November 2018) and the pre-EP election CEPS Ideas Lab (February 2019), before

final contributions are bundled in a second volume published by RLI. Work in phase 3 on ‘democratic accountability’ (remainder of 2019) will be structured similarly.

Differentiated integration

Overall, the European leaders face the challenge of meeting the need for both ‘more Europe’ and at the same time ‘less Europe’. Whereas France, Germany and like-minded member states are expected to push for deeper integration, particularly in fields such as the Economic and Monetary Union (EMU), others are following a more national approach and seek intergovernmental cooperation. The EU institutions, particularly the supranational ones, have to walk a tightrope in order to satisfy all stakeholders. CEPS will publish a Policy Insights paper that analyses the key institutional reform ideas floated in recent months (cf. EU Finance Minister, European Monetary Fund, transnational lists, etc.), gives details on their implementation, their compatibility with the current Treaty framework and assesses their overall pros and cons.

Research attention will also be devoted to the question whether some member states can move forward by integrating specific policy areas and at the same time ensure overall unity and solidarity? Are existing modes of differentiated integration the solution? If not, which adaptations must the institutions make in order to accommodate new modes of differentiated integration?

The latter will go hand-in-hand with the extensive coverage by CEPS of the Brexit debate (see plans of the EU Foreign Policy unit).

EU Foreign Policy

Integrated approach

The role and credibility of the European Union as an actor on the international stage hinges on a number of variables, most importantly the political will of member states to act together and the extent to which they and the EU institutions can join up instruments and budgets. This so-called ‘integrated approach’ to internal and external policy-making is reflected in the EU Global Strategy of June 2016 and a number of sub-strategies. The investment that CEPS has made in these areas in the past few years will pay off in the form of a research project exclusively funded by and jointly implemented with the Bertelsmann Stiftung (2018-20). This project will examine the implementation of the EU’s integrated approach to external conflicts and crises, and changes in the EU’s crisis response mechanisms.

As such, the project will follow on from research conducted under two Horizon 2020 projects: one that looks at the EU’s civilian capabilities in conflict prevention and post-conflict peacebuilding (EU-CIVCAP — final conference at CEPS in September); the other at the perceived lack of conflict sensitivity in EU crisis response (EUNPACK — which runs until 2019). Both H2020 projects examine the EU’s role in coordinated international responses to fragility, conflict and violence (e.g. UN, World Bank), particularly in the EU’s neighbourhood (Serbia-Kosovo, Ukraine and Libya), the Sahel (Mali), the Middle East (Iraq) and Asia (Afghanistan). This is complemented by own research on security and economic issues in the southern neighbourhood (focus on Egypt, Libya, Jordan, Yemen, Iran, the GCC and the upcoming Euro-Arab summit), the Lake Chad Basin and Great Lakes region.

Common Security and Defence Policy

Tapping into the political momentum generated by Russia's aggressive foreign policy, a worsened security climate in and around Europe, the prospect of Brexit and the unpredictability injected in US foreign policy by the White House, the December 2017 European Council has taken ground-breaking steps in the development of the Common Security and Defence Policy (CSDP).

With its 2015 report of the Task Force chaired by Javier Solana, CEPS can claim to have contributed concrete ideas to these developments.

The research agenda for 2018 in this particular field will focus on the implementation of permanent structured cooperation (PESCO) as a mechanism driven by the institutions of the EU rather than solely by its 25 participating member states. PESCO mainly concerns capability generation and force deployment. A new CEPS Task Force led by Jaap De Hoop Scheffer, 11th Secretary General of NATO and member of the CEPS Board, will formulate ideas and proposals to build a European Cyber Defence Shield capable of detection, defence and deterrence of sophisticated cyber threats.

With a view to Brexit, CEPS will also carry out research on the future of security and defence cooperation with the UK, both on its own initiative and in cooperation with NUPI, the Norwegian Institute of International Affairs.

European Neighbourhood

Research in the context of the ongoing SIDA-sponsored project on the Association Agreements with Ukraine, Moldova and Georgia will continue to contribute to a better understanding of the political, legal and economic implications of the agreements with the three Eastern Partnership countries, in particular the Deep and Comprehensive Free Trade Areas (DCFTAs) contained therein. In 2016 CEPS and its partners in the respective countries published compact handbooks on each of the agreements (in English and the official languages of the three states). These books explain, in readily understandable and concrete terms, what the commitments undertaken amount to, and describe the challenges of implementation for the public and private sectors. Deeper and more comprehensive research into several contentious policy areas (e.g. energy (security), agriculture and food safety standards; EU relations with Armenia and Belarus) continue to be published online in the form of 'hot topic' papers (see 3dcftas.eu). Additional findings gleaned from the first years of implementation of the DCFTAs will feed into the second edition of the three handbooks. These updated and upgraded editions will be complemented by the publication of a volume that compiles the comparative analysis contained in the hot-topic papers dealing with governance issues (e.g., conflict management, democratisation, 'oligarchisation', the fight against corruption, justice reform, future relations with Russia and the Eurasian Economic Union).

Alongside the continuing focus on concretising perspectives for ENP countries, 2018 will see renewed attention given to the Western Balkans (cf. the CEPS Policy Insights on the upcoming Enlargement Strategy) and the question whether an alternative to the enlargement agenda can be developed with an autocratically-led Turkey (cf. earlier work on the Customs Union).

Strategic partners

The latter leads to the final *volet* of CEPS' foreign policy work, on the EU's ambition of deepening bilateral relations with strategic partners.

The study of the future bilateral relationship with the United Kingdom and the evolving cases of the EEA, Switzerland, Canada and their possible relevance for a post-Brexit order deserve special mention in this respect. Over the past few years, CEPS has built up a solid in-house expertise of various different aspects of Brexit. It will continue to produce policy analyses and contribute to the public debate.

As in previous years, the Foreign Policy team will continue to think ahead for the EU's relations with other strategic partners, including the US, China, Korea, Japan and others (e.g. ASEAN). Where appropriate it will do so in cooperation with other units of CEPS and other research institutions (e.g. on trade, migration, energy).