



EMEA at CEPS Ideas Lab 2023: Moving Europe from Darkness into Light

28th February – 1st March 2023
The Square, Brussels

Organised by the Centre for European Policy Studies

Background and Introduction

This year at the 10th Edition of the Centre for European Policy Studies Ideas Lab, Moving Europe from Darkness into Light, the Euro-Mediterranean Economists Association team travelled to Brussels as partners of CEPS and sponsors of the event. It took place at The Square on the 28th February – 1st March and brought together over 700+ registered participants - among them renowned researchers, policy makers and representatives of international organisations.

The aim of Ideas Lab is to provide a high-level intellectual forum for exchanges concerning the wide range of current and pressing issues faced by the EU. The discussions are open, insightful and impactful, with the active involvement of policymakers, researchers and representatives from industries and the civil society. It is the most high-profile annual event on policies of the European Union.

Over the course of the 2-day event, over 100 people visited the EMEA booth and were informed about the activities, the publications and the projects of the Association.

The EMEA team also joined the debate held as part of the 40th Anniversary of CEPS “The Europe we want – The Europe we need” with Margrethe Vestager, Executive Vice-president, Commissioner for Competition, European Commission as the keynote speaker, along with Marija Pejčinović Burić, Secretary General of the Council of Europe, Sviatlana Tsikhanouskaya, Head of the United Transitional Cabinet of Belarus and Karel Lanoo Chief Executive Officer of CEPS.

On the second day of the event, EMEA held a PRIME talk “The green energy transition in the EU and Africa: is a win-win strategy possible?” moderated by Prof. Rym Ayadi. The panellists were Marc Sadler, Program Leader, Sustainable Development, World Bank, Luca Giansanti, Head of European Government Affairs, Eni, and Assaad Saab, Senior Advisor to the World Energy Council.

EMEA PRIME Talk

Green energy transition in the EU and Africa: Is a win-win strategy possible?

Speakers:

Prof. Rym Ayadi (moderator)
Assaad Saab
Luca Giansanti
Marc Sadler

President and Founder, EMEA
Senior Advisor, Observatoire Méditerranéen de l’Energie (OME)
Head of European Government Affairs, Eni
Program Leader, Sustainable Development, World Bank

The green energy transition in the EU and the success of the Green Deal will depend on its ability to inspire and support green transition and effective climate action around the world. Africa may play a key role in achieving this goal. So far, fossil fuels constitute a large share of exports from Africa to Europe, and the dramatic rise in gas prices has sparked some local politicians to push for new investment in fossil fuels. However, this could turn out to be a mirage, both environmentally and economically, putting Africa in a trap of stranded assets. Can Africa, with its abundant sun and wind, become a major producer of clean energy and step-up as supplier for Europe? What does it entail? How can EU-Africa cooperation add value in managing transitions?



The scene of the session was set by discussing the various issues affecting Europe and Africa today in terms of the green energy transition. There are targets put in place in Europe to reduce dependence on fossil fuels and simultaneously there are political goals to reduce dependence on Russian gas. Many African countries are struggling with over-indebtedness and have a weak safety net protecting their populations. 50% of Africans do not have access to electricity yet the continent is responsible for just 4% of greenhouse gas emissions. Going forward, this is something that must be considered as African countries go through their own development and providing greater access to electricity.

Prof. Ayadi then announced the timely publication of the book “Europe After the War”, co-authored with Paolo Garonna and Goran Svilanović. The book is a collection of papers which discuss the impact of the war in Ukraine on Europe spanning a wide range of areas from geopolitical scenarios to economic prospects, sustainable energy to logistics, and the Eastern European dimension to EU-Africa relations. The book is co-published by the Euro-Mediterranean Economists Association – EMEA and the Centre for European Policy Studies – CEPS and can be downloaded here. Prof. Ayadi highlighted that the Mediterranean region can bring value in the reconstruction after the war. It is an opportunity not to be missed in terms of sustainable entrepreneurship, clean energy generation, and building EU-Africa relations. Europe has missed such an opportunity before in the Arab Spring – it should not do so a second time.

In the discussion, Assaad Saab explained that African demand for energy is increasing and this is expected to increase further in conjunction with increasing populations. The challenge here is to ensure the necessary investment reaches these areas and the opportunity is seized to ensure the increased energy demand is green. If the infrastructure is developed to rely on fossil fuels, these systems will be locked in for the next 30 to 40 years.



Offering a contrasting view, Luca Giansanti, explained the approach of Eni in Africa which has been to use gas in the energy transition. He argued that it is necessary in African communities to meet the increased demand and when projects involve the local community, it can also bring prosperity to the region.

Mark Salder, World Bank, made it clear that there is a need to reduce energy consumption in general and this comes with education. Mechanisms such as CBAM can be effective, but we also need to focus our attention on where the energy is consumed. Clear and solid policy is also needed to encourage investment into green energies as the public sphere does not have the capacity to make the full transition. He also made the point that the energy system is global, and the supply from one region to another is not independent. In reducing European dependence on Russian gas, it simply means there is less competition from buyers such as China and Bangladesh. This is a reality we have to be aware of.

Prof. Ayadi closed the session by highlighting that “the road to green and clean energy transition in Europe, the Mediterranean and Africa will be more challenging and costly without a win-win EU-Mediterranean and African green deal that is beneficial for all”.



With a continent torn apart by war, what do Europeans expect from the EU?

Speakers:

Daniel Gros (moderator)
Pia Ahrenkilde Hansen
Cathryn Clüver Ashbrook
Arnoldas Pranckevičius
Jan Zielonka

Distinguished Fellow, CEPS
Director-General for Communication, European Commission
Executive Vice President/Senior Adviser, Bertelsmann Stiftung
Ambassador, Permanent Representation of Lithuania to the European Union
Professor of Politics and International Relations, University of Venice, Cà Foscari

In the opening session of the event, the discussion was grounded in the opinions of EU citizens. From the Eurobarometer, a tool used by the European Union to understand the opinions of EU citizens, several key statistics could be drawn. Regarding the war in Ukraine, 94% of Europeans feel anxious about the war in Ukraine. 68% feel that Ukraine is fighting a European fight. However, it was noted that opinions across member states are divided especially on European financing of the war. The difference in opinion across member states is due to an array of factors such as wealth, age, territory etc. Whilst we know that the war in Ukraine has changed Europe, one speaker argued it is Ukraine that has had a greater role in this change rather than Russia. The enlargement policy of the European Union is back on track thanks to this conflict with Ukraine now a candidate country among others in the Balkans.

However, it is important to remember that opinion polls do not necessarily reflect the best policy and following it does not necessarily invoke trust in government. Trust in government comes from well-functioning policies.

Sustainable Finance: between greenwashing and genuine sustainability

Speakers:

Thorsten Beck (moderator)	Director, Florence School of Banking and Finance, European University Institute
Christine Würfel	Head of Sustainability, Raiffeisen International
Linda Zeilina	CEO, International Sustainable Finance Centre (ISFC)
Martin Spolc	Head of Unit, DG FISMA, European Commission
Dora Blanchet	Head of the sustainable finance unit, ESMA

This session aimed to take a stance on the options for minimalizing greenwashing as sustainable finance initiatives are on the rise and taking a hold of an EU ESG taxonomy. It has been difficult to ascertain the real impact of these increased “green” investments on the environment and society. Meanwhile, we face a reality of growing exposure to climate risks. The recent energy crisis calls for more capital flows into genuinely sustainable businesses and activities.

A key conclusion to be drawn was that the private sector must be a part of the solution, and this includes all sectors – even industrials involved in raw material extraction. To ensure effectiveness, a common and transparent taxonomy is necessary that aligns ESG with the European Union’s economic goals and the sustainable development goals. Currently the data is fragmented and is interpreted differently by different entities. One speaker pointed out that first we need to identify the causes and drivers of greenwashing. However, a realistic perspective was brought at the close of the session which is that some greenwashing will inevitably break through. To tackle this, one speaker suggested that more needs to be done from the side of the third sector to push ambitions to call businesses to take further action.

Addressing high energy prices: have measures worked and what else is needed?

Speakers:

Francesco Gazzoletti (moderator)	Managing Partner, FortyEight Brussels
Christian Egenhofer (moderator)	Associate Senior Research Fellow, CEPS
Kathrine Fog	SVP Head of Energy Strategy & Policy, Hydro
Leonardo Meeus	Director, Florence School of Regulation
Catharina Sikow-Magny	Director, DG Energy, European Commission
James Matthys-Donnadieu	Chief Officer Customers, Markets, System, Elia Group

This lab session was host to an insightful discussion on policy responses to the current the energy crisis in Europe touching on the rise in energy prices, the mandatory reduction targets on the use of gas and electricity, and various price cap schemes. Throughout the session, the panellists discussed the merits of power purchase agreements (PPA) as long-term risk mitigating agents. They engaged in a lively debate about how PPA and other types of energy contracts, such as Contracts for Difference, may be used to meet different consumers’ needs. Several speakers highlight the lack of uniformity in interventions among governments across the continent. A highly anticipated proposal for a European wide energy strategy is set to be published by the European Commission next week. A paper on electricity market design from CEPS will also soon be publicly available.

Shock after shock: Are social policies delivering?

Speakers:

Cinzia Alcidi (moderator)
Olivier Bontout

Director of Research, CEPS
Deputy Head of Unit: Social Policies, Child Guarantee and Social Protection
Committee, European Commission
Executive Director, Eurofound
Senior Researcher, European Social Observatory (OSE)
Professor, University of Antwerp

Ivailo Kalfin
Slavina Spasova
Bea Cantillon

Society has experienced several shocks in the last few years including the Covid-19 pandemic and the rise in energy prices with more crises to come not least in the form of climate change. This session questioned whether social security systems are working and if citizens have begun to lose trust in the welfare state. The speakers identified young women and the self-employed as particular high-risk groups given that they often have precarious contracts and in crises, it has been shown they are the first to lose employment. For example, during the Covid-19 pandemic, many young people suffered “learning loss” and worsening mental health which will have an impact on their future development and skilled employment. The conversation then turned to the green transition and highlighted the need to focus on skilling up and the overall quality of jobs produced as this is an aspect often overlooked. The low skilled are often the group to miss out on certain benefits due to structural problems in social security systems.

How can we salvage European strategic autonomy in defence?

Speakers:

Dylan Macchiarini Crosson (moderator)
H.E. Julianne Smith
Jaap de Hoop Scheffer
Dr. Benedikta von Seherr-Thoß

Researcher, CEPS
US Ambassador to NATO
Former NATO Secretary General
Director, Florence School of Regulation (FSR) and the European External
Action Service Managing Director for CSDP and Crisis Response
Senior Advisor, CEPS; Principal Researcher and Adjunct Professor, Georgia
Institute of Technology

Nicholas Nelson

After one year of Russian aggression in Ukraine, stockpiles of arms across Europe are beginning to thin and the sustainability of European support to Ukraine without the United States is being called into question. This lab session, therefore, provided a very timely discussion on European strategic autonomy in defence. The speakers debated a vision of what strategic autonomy means for Europe and how it could possibly come about. There were mentions of capacity building, investment in the defence industrial base, and improving strategic intelligence. One speaker made the point that if Europe wants strategic autonomy, they must pay for it and reverse the trend of relying on the USA to pay for European security. Another noted that the United States is more likely looking for leadership in Europe in terms of initiative on specific issues and conflicts, rather than a general commitment to being prepared for any situation.

Inflation strikes back: How to restore control?

Speakers:

Daniel Gros, (moderator)
Sarah Holton
Dora Xia
Alex Brazier
Ignazio Angeloni
Markus Ferber

Distinguished Fellow, CEPS
Head of Prices and Costs Division, ECB
Senior Economist, Bank for International Settlements (BIS)
Managing Director, Deputy Head of the Blackrock Investment Institute (BII)
Part-time Professor, Robert Schuman Center, European University Institute
MEP

In addition to the war in Ukraine and energy prices, one of the main topics of dialogue in the past year has been inflation. For this session the speakers discussed what responses we have seen from states and banking authorities to growing inflation and to offer potential strategies for these actors moving forward. In particular, speakers focused on the responsibilities of the European Central Bank regarding inflation. They offered perspectives on the tightness of the ECB's current monetary policy stance and the size and composition of the ECB balance sheet. Additionally, panellists debated other intersecting topics such as interest rates, labour supply, increasing wages, international spill overs, and mitigating fragmentation.

ETS and CBAM: how will carbon pricing in Europe evolve?

Speakers:

Milan Elkerbout, (moderator)
Suzana Carp
Vicente Hurtado Roa
Lars Zetterberg

Research Fellow and Head of the climate policy programme, CEPS
Deputy Executive Director, Cleantech for Europe
Head of unit of CBAM and green taxation at DG TAXUD, European Commission
Director of Mistra Carbon Exit, IVL

Against a backdrop of the Paris Agreement and legal reduction targets of carbon emissions, the speakers gave an overview of the current Carbon Border Adjustment Mechanism (CBAM) and the EU Emissions Trading System. Whilst a tool for reducing carbon emission, it was highlighted that it is a climate diplomacy tool to encourage nations outside the EU to also take action on high carbon products. The speakers informed participants that a methodology is being generated working across the CBAM sectors on imported products. It was argued that it will take around 6 months to build trust and confidence in the scheme for investors. In this sense it will be necessary to avoid price volatility, potentially introduce a carbon floor price, and ensure minimum leakage by reducing carbon allowances. There was also mention of hydrogen entering within the scope of the mechanism however, policies are focusing on high-risk leakage sectors.

