



EMEA WEBINAR

EUROPE AFTER THE WAR WHAT NEXT FOR PAN-EUROPEAN, EU- RO-MEDITERRANEAN AND EU AFRICAN INTEGRATION?

Thursday 16th March 2023, 15:00 CET



BACKGROUND

The war of aggression against Ukraine has completely changed Europe. Not only has it impacted Ukraine and Europe dramatically, but the entire world. It has undermined the foundations of international law and multilateralism. It has affected the European continent's prospects and identity its global mission. Europe reacted by sticking together, looking eastwards, and embracing further enlargement. It turned southwards towards the Mediterranean and Africa in search of energy diversification, climate, and food security and to contain instability and conflict. It put pan-European integration higher up the policy agenda.

On 01 March 2023, the book *Europe after the war* was published and pre-launched at the prime talk on Green energy transition in the EU and Africa: Is a win-win strategy possible? Organised and sponsored by EMEA at the 10th edition of CEPS Ideas Lab.

The book is a collection of papers that view the challenges from angles of financial market development and cooperation. They focus on how bridging huge investment and financing gaps, and responding to the growing demand for security, protection, and stability. Through the prism of banking insurance and capital markets, new horizons open in terms of resilience and recovery for Eastern Europe and the Euro-Mediterranean, common energy and industrial strategies, governance reforms and integration, and a new EU-Africa relationship.

This Webinar is co-organised by EMEA in collaboration with CEPS to present the book's main conclusions and discuss the future of Europe after the war with the focus on the role of finance capital markets and the future of partnership and integration towards EU wider neighbourhood.

SUMMARY OF THE DISCUSSION

Dr Cinzia Alcidi opened the webinar and welcomed all participants. She started by introducing the topic and the context of the discussion, which stems from the recently published book *Europe After the War: Financial Co-operation for Pan-European Euro-Mediterranean and EU-Africa Integration*. The authors of this book were the panellists for this webinar. The war in Ukraine and the subsequent energy crisis are fundamentally changing the global order, which raises serious questions for Europe. One question relates to its position in the global order competing with various growing superpowers. The other is how Europe relates to its neighbours in the South and the East considering this changing landscape.

Dr Alcidi introduced the first speaker, Prof. Paolo Garonna, Professor of Political Economy, Luiss Guido Carli, University of Rome, who opened the discussion with two common threads of the book. The first is that public-private investment is needed for integration to ensure financial and protection gaps. The second is that the war in Ukraine has triggered a "European moment" through its united support against the war and a practical and diversification of energy sources away from Russian gas. However, he argues that Europe has not fully seized this opportunity.

Currently, Europe has incomplete architecture and needs to strengthen its policy on the following aspects: enlargement, deepening and strengthening, pan-European integration towards its neighbours in the East and the South, and EU-Africa relations. He argues that having a larger and more united Europe is a better strategy, yet this would require changing the institutional architecture such as, veto rights and amending the treaties. On deepening and strengthening, the Union must work towards a more robust fiscal capacity and foreign policy to bolster its institutional vulnerabilities. If Europe is ambitious to step into leadership role, we need European leadership in the Pan-European space. The final aspect to strengthen is the EU-Africa relationship. This relationship is currently poor and needs a new meaning of "friendship". Europe must support its neighbours that are in debt distress to develop green digitalisation and security transitions. These changes will require a new approach and narrative allowing for peer political dialogue to push financial, economic, and social integration.

Dr Alcidi then moved to Goran Svilanović, Former Secretary General at the Regional Cooperation Council. He highlighted that two important elements have been lost on the EU's approach towards integration. The first is the transformative power of the enlargement process and credibility. During the last few years, the slow process of the accession of countries in the Eastern neighbourhood has proved that the EU has much to learn. Furthermore, the Covid-19 pandemic and the Russian aggression in Ukraine have triggered changes in the EU's approach to enlargement. These changes should be guided by, firstly, acceleration of enlargement in the Balkans, secondly; "frontrunner" states should have their application considered first, and finally, sanctions should be made towards those that do not comply with the requirements. A more nuanced approach highlighted is the Six fixes for the Western Balkan Six, which he elaborates further in the book.



He argued that if the EU does not act on its relationship with its neighbours, it is possible that someone else will come to fill the vacuum on the new competitive global power landscape. When asked about the EU's credibility in accession and the mutual benefit to be gained from enlargement, Mr Svilanović brought a personal experience to the discussion highlighting that in discussions between Europe and the East, the focus is not on enlargement discussions. This has led to disappointment among Balkan citizens presenting a missed opportunity for the European Union. The geopolitical landscape has changed, and Europe must respond to these changes.

Dr Cinzia Alcidi then moved on to the next speaker Pietro Carlo Padoan who focused on the recovery instrument Next-GenerationEU (NGEU) and how it links to the growth of the EU economy. He argued that NGEU deserves deeper scrutiny as it has the potential to be a significant model for growth for the EU; however, currently it fits with the low-growth model the EU is suffering from. The general growth approach has two factors: institution building and Total Factor Productivity (TFP). NGEU must provide the acceleration kick-off in a secular stagnation environment which Mr Padoan argues we are still in. If there is a boost in acceleration, this will, in the short term, generate capital growth coupled with TFP to sustain growth.

The main findings were that NGEU can drive growth over the medium and long term as it is supported by TFP growth and continued supported long-term institutional change. However, this may not be sufficient, meaning additional instruments to fill this demand gap will be necessary.

The discussion then moved on to the final speaker Prof. Rym Ayadi. She emphasised the need to find a common understanding as a foothold for EU-Africa integration. Building on Prof. Garonna's intervention, she noted that the recent European approach has been transactional rather than actions built on friendship ultimately leading to a poor relationship.

Considering the exacerbated hardships suffered by Southern Mediterranean and African countries caused by the Covid-19 pandemic and the war in Ukraine, stabilising action is needed. Europe could step into this leadership role to integrate the region and provide incentives towards a green and inclusive path for growth. A public-private partnership should be considered as an avenue to approach. It goes beyond aid to a long-term course for investment building economic integration via financial markets and, indeed, towards a common goal and understanding an outcome of which could be an agreement such as a Euro-African Green Deal. However, Prof. Ayadi argued that this outcome is not foreseeable in the current landscape of partnership agreements.

When asked by Dr Alcidi if the current situation is a sufficient trigger for this increased integration, Prof. Ayadi responded that green energy sources, technology transfer, infrastructure development and finance deal are pragmatic avenues for increased integration and enhanced partnership. It is a timely avenue for public-private partnership investment and financing for a just inclusive and sustainable transition. However, leadership from outside Europe, from organisations such as the World Bank and the International Monetary Fund, will be necessary to guide the process given the current immature levels of integration.

CONCLUDING REMARKS

The discussion concluded that the EU is currently in a moment of strategic opportunity to be acted on by building its relationships with its neighbours. Against the backdrop of the global digital and green transitions, the EU must play a leadership role in mobilising public and private investment based on common goals. Moreover, it must find these common goals through positive and understanding relationships in the South and the East that can eventually lead to increased integration and economic, social, and political stability.

MODERATOR



Dr Cinzia Alcidi

Director of Research at Centre for European Policy, Studies (CEPS) and Executive Board Member, EMEA

Dr. Cinzia Alcidi is Director of Research at the Centre for European Policy Studies (CEPS) in Brussels and is a research fellow at LUISS- School of European Political Economy. Since November 2019 she is also the acting Head of the Jobs and Skills unit.

Prior to joining CEPS, she worked at International Labour Office in Geneva and she taught International Economics at University of Perugia (Italy). Her research activity includes international economics, macroeconomics, central banking and EU governance. Since 2015 she is the coordinator of CEPS Academy Activities. She has experience in coordinating research projects and networks. She has published extensively on the economics and governance of the Euro area crisis and participates regularly in international conferences.

She holds a Ph.D. degree in International Economics from the Graduate Institute of International and Development Studies, Geneva (Switzerland).

SPEAKERS



Prof. Paolo Garonna

Professor of Political Economy, Luiss Guido Carli, University of Rome

Paolo Garonna is Professor of Political Economy at the LUISS Guido Carli University of Rome. He has worked in the financial sector since 2009, first as Director General of the Association of Italian Insurers (ANIA) and then as Secretary General of the Italian Banking, Insurance and Finance Federation (FeBAF). Before that he was Chief Economist of Confindustria (the main industrial employers' organization in Italy), and Director General of the Italian National Institute of Statistics (ISTAT, from 1992 to 1999). From 1999 to 2009 he was Deputy Executive Secretary, and Executive Secretary ad interim, of the United Nations Economic Commission for Europe (UNECE) in Geneva, and, from 1989 to 1992, Deputy Director for Labour, Social Affairs and Education at the Organisation for Economic Co-operation and Development (OECD) in Paris. He carried out research in America as Fulbright scholar, and in Cambridge, Great Britain, and taught in several Universities in Italy and abroad. He has published a considerable number of books and essays in Finance, Statistics and Applied Economics.



Goran Svilanović, Former Secretary General, Regional Cooperation Council

Goran Svilanović is a politician and diplomat from Serbia. He served as Minister of Foreign Affairs (2000-2004) and then afterwards with various international and regional organisations (Stability Pact for SEE, OSCE and RCC). He was the Secretary General of the Regional Cooperation Council between 2013 and 2018, following the appointment by the South-East European Cooperation Process (SEECP) Foreign Ministers in Belgrade on 14 June 2012. He also previously served as Co-ordinator of the OSCE Economic and Environmental Activities (2008-2012). In November 2004, he became Chairman of Working Table I (democratization and human rights) of the Stability Pact for South Eastern Europe, where he served until the end of 2007. He was member of the Senior Review Group of the Stability Pact, which proposed the transformation of the Stability Pact into the Regional Co-operation Council. Between 2000 and 2007, he was a Member of Parliament. He was President of the Civic Alliance of Serbia political party (1999-2004). He has been a member of the High Level Reflection Group for the reform of Energy Community since 2014.



Pietro Carlo Padoan, Chairman of the Board, Unicredit S.p.A.

Pietro Carlo Padoan is currently Chairman of the Board at UniCredit SpA. He holds several other posts including:

- Member of the Board of Directors of ABI – Italian Banking Association
- Member of the Executive Committee of ABI – Italian Banking Association
- Chairperson of the High-Level Group on Financing Sustainability Transition
- Member of the European Financial Roundtable (EFR)
- Member of the European Banking Group (EBG)

Previously he served as the Minister of Economy and Finance of the Italian government in two successive terms and Deputy Secretary General and Chief Economist at the Organization for Economic Co-operation and Development (OECD). Prior to that he was Professor of Economics at University La Sapienza of Rome and has held various academic positions in Italian and foreign universities, including at the University of Rome, College of Europe (Bruges and Warsaw), Université Libre de Bruxelles, University of Urbino, Universidad de la Plata, University of Tokyo. He has a degree in Economics from the University of Rome.



Rym Ayadi, President and Founder, Euro-Mediterranean Economists Association (EMEA)

Professor Rym Ayadi is the Founder and President of the Euro-Mediterranean Economists Association (EMEA). She is Founder and Director of the Euro-Mediterranean and African Network for Economic Studies (EMANES). She is Senior Advisor at the Centre for European Policy Studies (CEPS); Professor at the Bayes Business School, City University of London; and Member of the Centre for Banking Research (CBR); Academic member and Chair (2018-present) of the European Banking Authority – Banking Stakeholders Group (EBA- BSG). She is also Associated Scholar at the Centre for Relationship Banking and Economics (CERBE) at LUMSA University in Rome.