

BEPA MONTHLY BRIEF



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EDITORIAL *by Stefano Bertozzi*

With the advent of the new Commission, the layout and content of the BEPA Monthly have changed slightly. Some parts have been discontinued and more careful attention will be paid to the selection of subjects disseminated within the Commission, including recent initiatives undertaken by BEPA. March's BEPA Monthly covers four main issues, namely the recent reform to streamline BEPA and make it more responsive to the constantly-changing needs of the President and the College, the major role played by the International Dialogue on Bioethics in cultivating closer international cooperation in the field of bioethics and human rights, the ongoing discussion on the emergence of a new global order and its attendant challenges for the European Union as an international player and, lastly, the case for establishing a Euro-African Institute on remittances, which would make a direct, positive impact on the living standards of many families in Africa.

To explain BEPA's newly adopted structure, the first lead article, by Paola Colombo, starts by recapping the origins of BEPA, before providing insights into the core activities of this unique Commission department, which brings added value both to analytical work and policy advice. It also takes a close look at the dynamics between BEPA and the private office of the President and the Spokesperson's Service.

The second lead article, by Maurizio Salvi, offers a convincing analysis of how the International Dialogue on Bioethics has contributed to securing closer cooperation, both at European and at international level, in the field of human rights and bioethics and of how the entry into force of the

Lisbon Treaty will generate momentum behind this major initiative. It also gives a detailed account of the recent meeting which took place in Madrid on 4 and 5 March 2010. Finally, the author argues in favour of the EU acceding the Council of Europe Convention for the Protection of Human Rights and Dignity of the Human Being with regard to applications of biology and medicine.

The third lead article, by Margaritis Schinas, is highly topical and provides valuable insights into Europe's role in a new world order and the challenges lying ahead in the international arena. It draws on the results of a seminar hosted by BEPA on 16 February 2010 and examines, among other things, the interplay between power, interdependence and crisis as the main drivers of change and the inter-relation between established and emerging patterns of international governance like the G7, G8 and G20 and Europe's standing and performance in this diverse and complex international setting.

Remembering the political commitments made at the first Africa-EU Ministerial Meeting on Migration and Development, which was held in Tripoli in November 2006, the fourth lead article, by Stefano Bertozzi, makes a case for establishing a Euro-African Institute on Remittances. Since the Commission will be taking part in the next Africa-EU Ministerial Meeting on Migration and Development, which is planned under the Belgian Presidency, the author argues that setting up this Institute could be a realistic deliverable in the second half of 2010 if Europe wishes to keep its political capital vis-à-vis its African partners intact.

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1 Bureau of European Policy Advisers: a fresh start

By Paola Colombo

Introduction

On 9 March 2010, the College approved the reorganisation of the Bureau of European Policy Advisers (BEPA). This followed a complete review of its mission and structure with the aim of bringing about a new organisational chart and fresh operational methods. The purpose of the reorganisation of the service is to adapt it to the President's and College's needs, to refocus its mission and the way it liaises with its principal constituents.

BEPA is the smallest autonomous Commission service with a unique interdisciplinary nature. It reports directly to the President and operates under his authority. This is a huge privilege, but also a huge responsibility. What also makes BEPA rather original in the Commission is that its mission, its task, is not that much linked to the daily operations, but to developments and trends that are relevant to policy-making in the medium and long term.

The Bureau is composed of a professional staff of advisers, policy analysts and support staff, with appropriate experience and a proven track record, in order to provide professional and targeted policy advice to the President and to the College.

Where does BEPA come from?

The origins of what is today known as BEPA go back to 1989, when the Forward Studies Unit was established by the European Commission as a small "think tank" staffed with EU officials reporting directly to President Jacques Delors. The Unit's primary task was to monitor and evaluate European integration by studying long-term prospects and structural tendencies, basing itself particularly on a network of external contacts with research institutes specialised in long-term forecasting and planning.

In May 2000, Romano Prodi changed the Forward Studies Unit into the Group of Policy Advisers (GOPA) under his direct authority with new resources from within and outside the Commission. He entrusted it with four specific domains: economics, social affairs, foreign affairs, and dialogue with religions.

With the arrival of José Manuel Barroso as President of the European Commission in 2004, the idea of having a group of dedicated advisers was not only maintained, but further improved. GOPA

was restructured to better meet the needs of the new President. It was rebranded as the Bureau of European Policy Advisers (BEPA), and was structured into three teams: political, economic, and societal.

A new mission to respond to new challenges

Since 1989 the face of Europe has changed substantially. This has had a big impact on both the role of BEPA and the environment in which it operates, whether from an institutional perspective (new Treaty, new inter-institutional dynamics) or linked to evolving trends (global crisis, changing demands on the EU structure).

Against this background, BEPA will continue to carry out its core tasks, namely support and policy advice to the President on specific tasks, outreach to civil society, institutional activities in the field of ethics in science and new technologies, and pursuit of the dialogue with religions, churches and communities of conviction.

The studies, the links with think tanks, stakeholders, academia, civil society, churches and communities of convictions, ethics, should be used as a fertiliser to fertilise policy, and should not be an end in itself.

Hence, BEPA's structure, the constituencies it addresses, and the delivery methods have now been reviewed and more clearly focussed. Of particular importance is the need to ensure a close cooperation and complementarity between the different services providing direct support to the President.

Indeed, the mission of BEPA is complementary to that of the President's Cabinet and to the Spokespersons' service (SPP). The Cabinet provides day-to-day management of the President's political activities, and the SPP is dedicated to media outreach. BEPA will complete this picture by providing support to the Cabinet on specific subjects, as well as policy advice of a more long-term nature, and by complementing the SPP's operations through its own outreach to civil society.

The Reorganisation: key features

A New Structure

In order to reflect the above, BEPA's structure has been reorganised into two teams, replacing the three thematic areas, namely:

- the "Outreach" team, which is divided into the following three sectors:
 - "Speechwriting" sector, which works in close coordination with the President's cabinet and the SSP,
 - "European Dialogue" sector, which coordinates contacts with think tanks and academia on general issues of European integration as well as contacts in the fields of culture and art,
 - "Global Dialogue" sector, which supports the Cabinet on external relations issues. This sector also ensures the general liaison with churches and communities of faith, in order to take into account the global dimension of inter-religious dialogue.
- The "Analysis" team, which provides policy analysis and general or specific policy advice as solicited by the President and the Cabinet, in close liaison with similar structures in other Commission Services. It is also responsible for organising regular meetings between the President and the Cabinet on the one hand, and relevant experts and academics on the other. It notably manages the advisory bodies created for and by the President, and ensures support for the Chief Scientific Adviser and the European Group on Ethics in Science and New Technologies.

Last but not least, the Coordination Unit, which provides direct support to the Head and Deputy Head of BEPA, is in charge of coordination of horizontal and administrative activities.

The Chief Scientific Adviser

In his investiture speech before the European Parliament, the President announced the creation of the office of a Chief Scientific Adviser (CSA) "as part of a fundamental review of the way European institutions access and use scientific advice". The CSA will provide "proactive, scientific advice throughout all stages of policy development and delivery" to the President, and through him to the College. At the same time, the CSA will give the Commission regular updates on major scientific

and technological developments which may have an influence on EU policies and the decision-making process. The CSA will report directly to the President while the administrative support will be provided by BEPA.

External and Internal Expertise

The President, and the Commission at large, will require, in this second term, analytical work and constructive engagement with think tanks, research institutions and academia. BEPA should also play an important role in communication, both through the work of the President's speechwriters and through other means of communication, such as policy reports, papers, presentations and workshops. These should be directed in particular at researchers and opinion leaders, but also, on occasion, at the general public.

BEPA's work is applied, policy-oriented and aims at relevant and timely production of information and advice. BEPA does not pretend to have detailed answers to all policy questions/problems. However, on top of its in-house capacity to provide analysis and advice, it offers the possibility to tap different sources of expertise and to facilitate the dialogue between the academic world and policy making. BEPA has this well-established link with the major thinkers in Europe.

Indeed, BEPA draws on its group of experts and external and internal network of contacts to generate ideas and to contribute to its activities. BEPA collaborates with stakeholders inside and outside the European Commission in order to leverage its know-how. In order to perform these tasks, BEPA requires professionals of high reputation and expertise.

Of particular interest to the work of BEPA will be its capacity to react to changing policy scenarios with a high degree of flexibility. This will be achieved by including staff drawn from within and from outside the Commission on a temporary basis.

External input will continue to be obtained by establishing operational networking with selected policy centres and universities, and regular interaction with experts in different possible forms.

2 EU Agenda on globalisation: the case of the European Commission's International Dialogue on Bioethics

By Maurizio Salvi

1. Preamble

On 28 and 29 November 2007, the Bureau of European Policy Advisors (BEPA) hosted the 7th meeting of the United Nations Inter-Agency Committee on Bioethics, a forum for debate and exchange of information between UN Agencies and International Organisations in the field of bioethics and human rights. It was the first time the UN Committee was hosted by the European Commission and started BEPA international activities in bioethics.

Subsequently, in 2008, BEPA decided, with the backing of the President's Cabinet, to establish an International Debate on Bioethics clustering the Chairs of National Ethics Committees of 15 non-EU countries and the Chairs of National Ethics Committees of all EU Member States. This initiative was designed to make global dialogue and international cooperation between EU and non-EU National Ethics Councils easier, and to cultivate values across the breadth of EU policies, in collaboration with international organisations engaged in bioethics (e.g. Council of Europe, WHO, and UNESCO).

The initiative implemented measures set out in the 2008 EC work-programme where it was specified that "the Commission will be focusing on delivering core policies for the globalisation agenda being fully aware that internal and external policy goals are intertwined as never before, underpinning the need for a modern and integrated vision on how to project, promote and protect Europe's interests and values successfully".

2. The first meeting of the International Dialogue on Bioethics

On 9 February 2009, BEPA organised the first meeting of the European Commission International Dialogue on Bioethics. The event was chaired by the President of the European Group on Ethics of science and new technologies (EGE), and the Chair of the National Ethics Council (NEC) of the European Union Member States having the Council Presidency and representing the EU 27 NEC Forum, Prof. Josef Ku·e.

Dr No·lle Lenoir, former French Minister of European Affairs delivered a keynote speech immediately after the opening by the Chair of the European Parliament's Scientific Technology Options Assessment Commission, Mr Busquin, and Commissioner Ján Figel for Education, Training, Culture and Youth. This meeting brought together EGE Members, the Chairs of 15 non-EU National Ethics Councils (Argentina, Australia, Brazil, Canada, China, Egypt, India, Indonesia, Japan, Mexico, Philippines, Russia, USA, South Africa, and PABIN – a cluster of African NECs), the Chairs of the National Ethics Councils of the 27 Member States of the European Union and representatives of international organisations. The Chairs of NECs unanimously agreed to have the International Debate on Bioethics organised on an annual basis, with the EC (BEPA) leading this initiative and providing its Secretariat.

3. The second meeting of the International Dialogue on Bioethics

On 4 and 5 March 2010, the second meeting of the International Dialogue on Bioethics took place in Madrid, Spain, under the auspices of the Spanish rotation EU Council Presidency and the Spanish National Bioethics Council. The event was chaired by the President of the EGE, and the Chair of the Spanish NEC, representing the Spanish rotation EU Council Presidency. Keynote speakers included Mr Margaritis Schinas, Deputy Head of BEPA; Mr Antoni·o Fernando Correia de Campos, Member of the European Parliament's Scientific Technology Options Assessment commission; Sir Michael Marmot, Rapporteur of the UN report on "social determinants of health". Participants also included the Chairs of the National Ethics Councils from 41 Countries from five continents and the Heads of the bioethics sectors of the Council of Europe (Ms Laurence Lwoff), UNESCO (Ms Dafna Feinholz) and the World Health Organisation (Ms Marie-Charlotte Bou·esseau).

Mr Schinas explained the policy changes that had been introduced by the entry into force of the Lisbon Treaty and stressed the role of ethics in

the EU policy design. Mr Correia de Campos made it clear that EP supported the European Commission's International Dialogue on Bioethics and put emphasis on the importance of fundamental values in EU policies. Sir Michael Marmot gave an account of the social determinants in the health sector and their impact on global health.

The Chairs of the EU 27 National Ethics Councils and the Chairs of 14 non-EU National Ethics Councils discussed issues related to ethics of biomedical research, placing particular emphasis on epidemics (SARS, HIV) and on the role that ethics plays in science and technology governance.

At the end of the discussions, it was agreed that the role of the International Dialogue on Bioethics complemented the work on bioethics carried out by UN Agencies (UNESCO and WHO) or other international organisations, in particular the Council of Europe.

4. Policy relevance of the initiative

The number of policy areas covered by bioethics and ethics of science includes, inter alia, pharmaceuticals, bio-safety, patenting, trade, agriculture, climate change, food security, clinical research, embryo research, bio-security, alternative energy, millennium goals, ICT, surveillance technologies, animal welfare, etc. Examples of EC policies of specific importance for the International Debate on Bioethics are:

- According to the Lisbon Treaty, a single legal personality for the Union will strengthen the Union's negotiating power, making it more effective on the world stage and a more visible partner for third countries and international organisations. The International Dialogue on Bioethics aims to implement this change in the bioethics fields by making the EU position on bioethics more visible and discuss different bioethics regimes across the world.
- The Lisbon treaty introduces the Charter of Fundamental Rights into European primary law. The Charter identifies a set of European values, such as human dignity, freedom, democracy, protection of human rights, pluralism, non-discrimination, tolerance, justice, solidarity, and gender equality. Promoting

these values is now a main objective of the EU. The International Dialogue on Bioethics not only made explicit this approach with EU and non-EU NECs but put forward the EU approach to ethics: to strike a balance between ethical and socio-cultural diversity, both at EU level and globally, while respecting internationally recognised fundamental values and the EU Charter of fundamental rights. For example the EU will accede the European Convention on Human Rights thereby having an additional instrument to consolidate the protection of human rights on the European continent and in its bilateral or multilateral external policies. As far as bioethics is concerned, the EU could also consider acceding to the Council of Europe Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine (Oviedo 1997¹). This decision will provide the EU with additional normative tools for the protection of human rights in the biomedical field.

- The notion of Europe as a community of values as well as a global player of globalisation policies, are now two main objectives of the EU (Europe 2020 and the EC political guidelines). The International Dialogue on Bioethics is a tool to implement a responsible use of science and technology, both within the EU and worldwide.

The adoption of the Charter and of the Treaty of Lisbon has therefore turned respect for EU fundamental values into one of the core political priorities for the EU. The First European Council President, Mr Van Rompuy, the President of the Commission, Mr Barroso and the President of the European Parliament, Mr. Jerzy Buzek have all made it clear the importance they attach to the protection of fundamental rights. In his first speech after his nomination on 19 November 2009, Council President Van Rompuy states that "Europe was a community of values", and Commission President Barroso said to the European Parliament: "Our union was founded on values: respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights." (President Barroso, European Parliament Plenary: vote on new College, Strasbourg, 9 February 2010). European Parliament President Jerzy Buzek on the European Day

against Death Penalty (10 October 2009) said: "The European Day against the death penalty is the day on which we recall that the defence of human rights and a justice system based on the full respect of human dignity is a key part of our shared European values."

5. Conclusions

Over the past two decades, ethical reflections have been institutionalised in the sense that they are addressed by National Ethics Councils in European countries in order to stimulate the broader public debate, address ethical pluralism and to be consulted by political actors. Political leaders are those who have to translate ethics provisions into the formulation of local policies eventually. EU or non-EU National Ethics Councils, while per se having an independent advisory status, are generally established by the Council of Ministers or National Parliaments in order to provide ethics advice for the policy design in different policy sectors. They therefore indirectly influence the Countries' decision-making processes in several policy areas where the Commission is active at global level. Approval of clinical trials, marketing of pharmaceutical products, patenting of biological materials, collection and sharing of personal data are examples of this policy framework.

The open debate that the International bioethics dialogue facilitates is therefore not only a practical example of EC action at global level, but also a tool to clarify common and divergent bioethics positions that may affect the implementation of international ethics standards on global govern-

ance of science and technology. The fact that BEPA has been asked to lead this initiative is a glowing testimony to the role the EC plays worldwide. And the International Dialogue on Bioethics may be a tool, which can be instrumental in achieving this goal. For example, on 6 July 2009, the USA National Institute of Health (NIH) released the final guidelines for human embryonic stem cell (hESC) research. These guidelines are the result of President Obama's Executive Order to overturn the prior administration's policy restricting federal funding to research using hESC lines derived before 9 August 2001. The NIH position on the ethics of hESC benefited of discussion on the EU position on this sensitive issue taking place at the first meeting of the international dialogue on bioethics. The NIH final guidelines are now fully consistent with the FP7 ethics provisions on hESC and the EGE Opinion on ethics reviews of FP7 research projects using human embryonic stem cells – hESC. Legislation codifying US President Barack Obama's policy of allowing federal funding for human embryonic stem-cell research was then introduced in Congress on 10 March 2010. This exchange of information and research results will help transatlantic dialogue and cooperation on this complex and sensitive research field in the future. This closer cooperation will also benefit the international community as a whole, as it will enjoy consistency in standards and products.

ENDNOTES

¹ http://www.coe.int/t/dg3/healthbioethic/Activities/01_Oviedo%20Convention/default_en.asp

3 Experts discuss Europe's role in a new world order Event hosted by the Bureau of Policy Advisers (BEPA)

By Margaritis Schinas

Hosted by BEPA, distinguished globalisation experts from nine EU states and the European Commission met in the Commission's Berlaymont Building on February 16 2010 to discuss the emerging new global order and its challenges for the European Union as an international actor. This meeting marked the launch of a new cooperation project jointly initiated by the German Bertelsmann Stiftung, the Swedish think tank "Global Utmaning" and the Brussels-based European Policy Centre (EPC). Drawing on expertise from think tanks and research institutes from the EU and beyond, the project will promote a series of policy debates aiming at analysing and enhancing Europe's role in a new world order.

The meeting focused on three items featuring high on the EU's international agenda: the intersection between power, interdependence and crisis as drivers of change in our globalized world; the interplay between established and emerging patterns of international governance like G7, G8 and G20 and Europe's performance in such fora, and the implications of the Copenhagen summit for the EU's climate policy.

BEPA's Director General Vítor Gaspar opened the session by stressing that, from an economist's viewpoint, Europe and countries with population of predominantly European origin underwent an unprecedented process of transformation in history. For more than two hundred years their development was characterized by fast population growth and even faster GDP growth (reflecting a steady increase in GDP per capita). These trends led to a growing share of the world's GDP which reached its peak in 1950. According to recent forecasts, surveyed in a BEPA report "Europe 2050", world population will stop growing in 2050, following, with a lag, European trends. At the same time, GDP would continue to grow globally as would GDP per capita in Europe, but the European share of global GDP would decline. In other words the rest of the world would be sharing in the immense potential unleashed by the Industrial Revolution. Gaspar concluded that the global crisis marked a transformational moment when Europe will have to face up the con-

sequences of these powerful underlying trends for global governance.

The Director General's address was followed by introductory remarks of Josef Janning, Bertelsmann Stiftung, Allan Larsson, Global Utmaning, and Antonio Missiroli, European Policy Centre. Mr Janning framed the debate by delivering an overview of the global political agenda. He argued that we are currently witnessing the emergence rather than the building of a new world order, with the result that even the main actors do not fully understand the process in which they are involved. In his analysis of key political challenges facing decision-makers, Mr Janning noted that these challenges could be clustered around the notions of shaping interdependence, re-balancing the new oligopoly of great powers established by the United States of America, China, India, Russia, Brazil, Japan and the European Union, and countering the regressive potential of conflicts and crises resulting from uneven gains from the processes of globalization.

Allan Larsson's introductory remarks concentrated on the lessons to be learned from the global financial and economic crisis. He argued that the current crisis has revealed that the economic growth models of the past ten to twenty years are unsustainable. A new world order should be about how to provide for a recovery that is based on rethinking, reorientation and reform on a global scale. Mr Larsson elaborated on five main fields of reform that would determine the characteristics of the future global order: current patterns of global governance; the need to overcome financial imbalances, giving new momentum to financial market reforms, providing for a new climate order by the establishment of a CO₂ price floor and a framework for sustainable climate investments; and promoting adequate social protection worldwide by a new global social order.

Antonio Missiroli took a different approach, questioning the traditional notions of power and interdependence. He emphasised the need to think along functional lines and to pay particular attention to the interdependence of issues when addressing new patterns of global governance.

Currently, neither the international system nor its institutions like the UN Security Council, the World Trade Organisation, the International Monetary Fund, the World Bank, the G20 or the G8 provided this kind of functional interdependence. In addition, Mr Missiroli addressed the problem of the western dominance in the current international system, including the over-representation of the EU Member States in international organisations, which in fact limited the EU's influence. He concluded by addressing the question whether there should be a new "global contract" as proposed by Amartya Sen.

Contributions by Moreno Bertoldi, DG EGFIN, European Commission, and Alyson Bailes, College of Europe, Bruges and University of Iceland, dealt with the future interplay between G7, G8 and G20 and possible approaches towards improving the global stance of European interests and values. Mr Bertoldi doubted that there is anything like an informal US-China G2. Professor Bailes said that a bigger international role for Europe is not necessarily better. In the global economic field, Europeans should try first to identify their true interests, strengthening the rule of law and securing energy/raw material supplies. Europe would, Ms Bailes said, also need new approaches towards multipolarity, including intensified efforts to build coalitions with regions that followed the EU's integration model, such as Southeast Asia and Latin America. With regard to the future role of G20, she asked whether the EU should support a diversification of the G20 agenda in a similar way as it did in the case of G8.

In the afternoon session, participants discussed which lessons Europeans should learn from the outcome of the Copenhagen climate summit in December 2009. Dirk Messner, German Development Institute, and Pawel Swieboda, demosEuropa, agreed that the EU stood relatively alone with its climate policy concept since there is currently not sufficient international support for a comprehensive and binding climate regime. In particular, there was an implicit consensus between the US and the BASIC countries,

Brazil, South Africa, India and China not to accept significant CO₂ reduction targets. The example of the BASIC countries illustrated that the EU has paid little attention to proactive climate diplomacy aiming to build "coalitions of the willing". Although EU leadership by example would no longer be sufficient, there was broad agreement among the experts that the EU should move to a 30 per cent emission target, thus creating stronger internal incentives for private investment, and combine these efforts with external low carbon partnerships. Starting from the observation that the agenda had shifted at Copenhagen from narrow environmental policy to broad-based economic transformation, the debate focused on a two-track climate policy strategy for the EU: on the one hand Europe should continue to work for a comprehensive and legally binding CO₂ cap-and-trade regime which could be conceived along the lines of the "Budget Approach" developed by the German Advisory Council on Global Change. First, however, the EU should strictly pursue a climate and growth strategy aimed at promoting sustainable investments that are required to transform the old fossil economy into an economy based on renewables.

While the performance of the European Union as an international actor is frequently weakened by the unwillingness to speak with one voice, i.e. to communicate a common message, this was not the case in Copenhagen, where the EU 27 had closed ranks. Nevertheless, strategic shortfalls and their difficulties to define and defend common European interests and values was a recurrent theme during the expert session.

In his closing keynote speech Joao Vale de Almeida, Director General External Relations of the European Commission, resumed this thread of the discussion by indicating that the entry into force of the Lisbon Treaty meant that the EU had ended a ten year period of introspection. The new treaty would provide a new interinstitutional setting that would open up the perspective of a more assertive European voice on the global stage.

4 Euro-African Institute on Remittances: a deliverable for 2010¹

By *Stefano Bertozzi*

The objective of this article is to propose action to be decided and taken by the Commission in order to deliver on the political commitments it made on the occasion of the first Africa-EU Ministerial meeting on Migration and Development, which was held in November 2006 in Tripoli. In the second half of 2010, the Commission will take part in the next Africa-EU Ministerial Meeting on Migration and Development, which is planned under the Belgian Presidency. Although it is not yet clear whether the Africa-EU Meeting will be organised at Heads of State and Government or Ministerial level, it is undoubtedly a politically charged event in the area of migration policy.

At present, none of the political commitments made by the EU and the Member States at the Tripoli Ministerial Meeting has been delivered. This means that, unless the Commission and the Member States are able to deliver on at least one of the political commitments they have made, the credibility of the EU as a reliable partner in implementing schemes to support migration and development will be seriously undermined. There is therefore a pressing need to turn at least one of these political commitments into reality.

One idea, which can be realised in a limited period of time, would be to establish a Euro-African Institute for Remittances, which is currently bogged down in protracted negotiations between the Commission and the African Union (AU). The EU has set aside €1.5 million to start up operations, but this money is held hostage to these never-ending negotiations, as the African Union intends to spend EU money first and then inform the Commission how it has been spent. One solution would be to set up first a regional Euro-African Institute for Remittances with the assistance of ECOWAS. An alternative would be to partner the World Bank, as the World Bank and the Commission are both committed to establishing a Euro-African Institute, the Commission should explore the possibility of leaving the African Union outside this project for the time being.

Why is this Institute so important? It is important as Europe needs to deliver on this important political promise, which will have a direct, posi-

tive impact on the living standards of many families in Africa. This Institute should be responsible, inter alia, for collecting and processing data on remittances and for promoting partnerships between European and African countries, modelled on the France-Algeria agreement which permits payment of 95% of remittances at local post offices at competitive prices. It should also generate political momentum behind a clear and transparent regulatory framework designed to maximise the positive impact of remittances, which are private cross-border transfers from migrant workers to their countries of origin, on the living standards of recipients. This regulatory framework should look at the entire "remittance path", which starts in the host country of migrants and ends in the hands of the recipient. Along this path, there are "hidden taxes", such as punitive exchange rates, which, one by one, further erode the amount of money received by families and relatives.

This Institute should consist of a headquarters in Africa and a branch in Europe. Cooperating closely with African countries interested, it needs to develop a transparent regulatory framework, which could achieve crucial public policy objectives, including consumer protection, a level playing field for all money transfer operators, by sweeping away the exclusivity clause, and stringent requirements to combat money-laundering and financing of terrorism. In other words, this Institute should help market forces enter into play within a well-established framework with the aim of enhancing the positive impact of remittances on the living standards of those who receive them, in particular people living in remote rural areas of Africa.

A look at the current remittance channels to Africa makes the case for this Institute even stronger. The exclusivity clause foisted on local banks and other payout institutions by the two money transfer giants, namely Western Union, which holds 40.3% of the African market with its 16 000 payout locations across the continent, and MoneyGram, which has 24.2%, prevents other potential operators from entering the flourishing African remittances market. This duopoly holds almost 65% of the total payout market in Africa. The remaining 35% is covered by other money

transfer operators (e.g. Money Express). The result for migrants and their recipient families is that the commission fees charged for any money transfer to Africa range from 15% to 10% of the amount to be sent home. This has led to an increase in the informal channels for money transfers to Africa, where the commission charged is also quite expensive (some 8% of the amount to be transferred). These transfers are not subject to any control and therefore might also fund illicit activities. By way of comparison, the average official fee for transfers from the USA to Latin America is between 4% and 3%. In practice, this has spelt the end for informal channels to Latin America, as market forces have driven prices below the fees charged by informal "operators". This is due to the fact that the regulatory environment governing money transfers from the USA to Latin America is clear, transparent and open to any operators meeting standard requirements, whereas in Africa the regulatory environment is shaped by the exclusivity clause, which stifles competition.

In this context, it is important to stress Point 134 of the conclusions of the G8 Summit, held from 8 to 10 July 2009 in L'Aquila, which states that: "Given the development impact of remittance flows, we will facilitate a more efficient transfer and improved use of remittances and enhance cooperation between national and international organisations, in order to implement the recommendations of the 2007 Berlin G8 Conference and of the Global Remittances Working Group established in 2009 and coordinated by the World Bank. We will aim to make financial services more accessible to migrants and to those who receive remittances in the developing world. We will work to achieve in particular the objective of a reduction of the global average costs of transferring remittances from the present 10% to 5% in 5 years through enhanced information, transparency, competition and cooperation with partners, generating a significant net increase in income for migrants and their families in the developing world."

Why are remittances so crucial for the lives of so many families in the less developed world? The table below shows that Africa received remittances totalling US\$40 billion in 2008. By way of comparison, in 2008 Africa received official development assistance (ODA) from the members of the OECD's Development Assistance Com-

mittee (DAC) totalling US\$26 billion, of which US\$ 22.5 billion went to Sub-Saharan Africa.

Given the current commission fees ranging from 10% to 15%, this means that migrants and recipient families suffered a financial loss of between US\$4 billion and to US\$6 billion in 2008. If the new Institute were able to reduce transfer costs steadily by 1% per year, African families would reap a net annual gain of US\$400 million. The ultimate aim of the Institute is to bring the commission fees down to around 5% of the amount sent to Africa (G8 conclusion). Although it is essential to respect the private nature of remittances, these additional funds can fuel higher consumption, improve education opportunities for children, extend health coverage for families and even become powerful drivers of socio-economic development. There is therefore an urgent need to reduce transfer costs and establish a transparent and efficient regulatory framework. This would also be in line with the one of the political commitments made at the first EU-Africa Ministerial Conference in November 2006, namely: "Helping set up mechanisms, services and effective financial products to facilitate the transfer of remittances, to reduce the costs of these transfers and to make them conducive to development, bearing in mind the private nature of remittances."

Establishment of the Euro-African Institute for Remittances would show that Europe is genuinely engaged in making a difference, i.e. in helping Africa to seize fully the opportunities created by international migration flows. Locating this Institute in Africa will also signal Europe's readiness to get its hands "dirty" in the field. A first task for this Institute should be to monitor remittances from those third-country nationals who are offered jobs in Europe or in other parts of the world. To this end, the full involvement of the European Investment Bank (EIB) would be very useful, as this organisation has recently acquired solid experience in the area of remittances. The role of the EIB would be to help commercial and savings banks to handle remittances and to ensure that the exchange rate applied to remittances is not too high vis-à-vis the official exchange rates. Commercial banks in receiving countries tend to overcharge customers not only by applying disadvantageous exchange rates but also by charging exorbitant fees for handling remittances. Moreover, the EIB should

promote the use of remittances as collateral and thus allow beneficiaries to borrow a certain amount of capital. This would make it easier for them to set up of small businesses and help families who may face unforeseen hardship.

To achieve the proposal outline above, it is vital to have the political endorsement of the Commission and the Member States, along with the full backing of the African countries interested in this undertaking. If Europe is to be acknowledged as a global player in the intricate and challenging international arena, it needs to rise to future challenges calling for

strong political guidance, analytical skills, innovative proposals, adequate wherewithal and readiness to promote more teamwork within the Commission. One of these challenges is, undoubtedly, migration policy.

ENDNOTES

- 1 The views and ideas expressed herein are strictly personal and solely bind the author.
- 2 Established in 1975, the Economic Community of West African States (ECOWAS) is a regional group of fifteen countries.

