



Annual Report 2011

Bruegel's members

State members

Austria
Belgium
Cyprus
Denmark
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Lithuania
Luxembourg
Netherlands
Poland
Slovenia
Sweden
Spain
United Kingdom

Corporate members

Areva
Deutsche Bank
Deutsche Telekom
EDF
Ernst & Young
Erste Bank Group
GDF Suez
GE
Goldman Sachs
Google
Microsoft
Novartis
NYSE Euronext
Pfizer
Qualcomm
Renault
Samsung Electronics
Solvay
Syngenta

Institutional members

Banque de France
Caisse des Dépôts
Danmarks Nationalbank
European Bank for Reconstruction and
Development
European Investment Bank
National Bank of Poland

Members as of March 2012. For further information about Bruegel's governance and its relationship with its members, see page 14.

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Bruegel's mission

BRUEGEL AIMS TO CONTRIBUTE TO THE QUALITY OF ECONOMIC POLICYMAKING IN EUROPE THROUGH OPEN, FACT-BASED AND POLICY-RELEVANT RESEARCH, ANALYSIS AND DISCUSSION.

Bruegel is defined by five key features:

Outward-oriented focus. Bruegel aims to contribute to a better understanding of the economic challenges and responsibilities facing Europe in the context of globalisation.

Evidence-based policy recommendations. Bruegel does not stand for any particular policy doctrine. Its research draws on state-of-the-art analysis to assess economic transformations, discuss policy options and propose recommendations – while always keeping an eye on their practical feasibility.

Demand-driven questions, independent answers. Bruegel's Research Programme is set by the Board, which represents the diversity of Bruegel's stakeholders. Decisions on new research projects follow extensive discussions with Bruegel's members. Once a research topic is chosen, however, research and publications

are fully independent. All publications are released under the signature of their author(s), and Bruegel itself abstains from taking any policy positions.

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

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

Chairman's message

'BRUEGEL'S GLOBAL OUTLOOK IS IN ITS DNA, AND THIS DIMENSION IS MORE GERMANE TO BRUEGEL'S ACTIVITY THAN EVER'.



If there was ever a time for frank appraisals, analytically sound evaluations, and out-of-the-box ideas, it was 2011. Had Bruegel not been in existence, it would have been opportune to create it to help

contribute to the quest for solutions to the European crisis. Fortunately it was already up and running and was able to take part in the policy discussion.

Bruegel has not been short of proposals, evaluations and comments. Some of them elicited interest, some of them controversy, and some both interest and controversy – it is the role of think tanks to question the consensus and indicate alternatives. Bruegel has also served as a venue for the type of in-depth discussions between experts, policymakers and practitioners that help clarify issues and outline solutions. I am very happy that Bruegel was able to fulfil its role in these particularly momentous times, for the benefit of its members, the policy community and the wider public.

These achievements are increasingly recognised beyond the borders of Europe. In 2011, Bruegel was placed third in the global ranking of international economic policy think tanks by the authoritative *Think Tank and Civil Society Program* of the University of Pennsylvania, just behind the Peterson Institute for International Economics (PIIE) and the Brookings Institution. I am proud that we are now seen as being in the same league as these two famous Washington-based institutions, which served as models in the early days of Bruegel and with whom we maintain close cooperation. Bruegel and PIIE have

already organised several joint conferences and published four joint books – most recently an account of the simulation game we organised jointly in summer 2011 to map how the euro-area crisis might develop, which yielded significant insights. Bruegel also regularly contributes to exchanges between think tanks from G20 countries within the framework of Brookings' Global Economy programme.

Over the years Bruegel has also developed strong links with partners in Asia. The Asia-Europe Economic Forum (AEEF) it co-created in 2006 with Chinese, Japanese and Korean partners, has since held seven conferences in Beijing (twice), Brussels, Kiel, Paris, Seoul and Tokyo. The AEEF has helped to stress the relevance of the neglected side of the North America-Europe-Asia triangle and to foster substantial exchanges on issues of major importance such as, recently, the potential impact of the euro-area crisis on the rest of the world. Furthermore, Bruegel has developed initiatives on global matters, which resulted inter alia in two G20 conferences in Delhi and the creation of a dedicated G20 online forum.

Much remains to be done, however. Bruegel's global outlook is in its DNA, and this dimension is more germane to Bruegel's activity than ever. Europe is involved in a struggle to rescue and redefine itself, but despite this, or indeed because of it, it cannot afford to become immersed in its own travails and overlook the momentous transformations in the world economy. It is central to Bruegel's mission to help counter the closing of minds on our continent and Europe's slide into global irrelevance.

Leszek Balcerowicz

Director's introduction

'THIS HAS BEEN AN ECONOMIST'S MOMENT – BUT ALSO A MOMENT FOR RESPONSIBILITY'.



Most of those who drive on the roads do not have a detailed grasp of the mechanics of their car; they do not have to know much about it as long as the vehicle works as it should. But once they find themselves broken down by the side of the road and open the bonnet, they must try to remember what all the engine's various components are for, and they must find out which of them is in need of repair. This is the situation European policymakers had to face in 2011 when the crisis, which started in the European periphery, moved to the core and threatened the very integrity of the euro area. Like the puzzled driver, they had to answer frightening questions about what had gone seriously wrong and what types of repair they had to give priority to¹.

This has been an economist's moment – one of those rare instances when even the most practically oriented people pause to ask themselves what underpins the policy system they are used to and what they should start doing differently. The acuteness of the crisis called for lucid assessments, thorough analyses and innovative proposals. Our scholars and Bruegel as a team have endeavoured to provide all three. Some of the resulting output was hotly debated: this was the case for the assessment of Greek debt sustainability we published in February 2011, or for the Blue Bond proposal which, though published in spring 2010, elicited much discussion and comment in 2011.

This has also been a moment for responsibility. Beyond the indispensable 'ruthless truth-

telling' the role of a think tank is to help map out risks and outline options in a way which policymakers struggling with overwhelming currents can find useful for taking action. Academics have the duty and the privilege of aiming at the advancement of knowledge whatever it may imply, but think tankers are here to build bridges between different worlds. Again, we have done our utmost to play this role by providing a venue for exchange and the quest for solutions. At the request of the International Monetary Fund, we also had the opportunity to conduct an evaluation of IMF surveillance of the euro area in the run up to, and the early moments of, the euro crisis.

In the end, the fate of the euro and the future of Europe are likely to be decided on the economic front. No treaty and no firewall will be able to ensure the stability of the euro, let alone its success, if southern Europe does not regain competitiveness, if public finances remain on an unsustainable course, if growth does not return and if unemployment does not abate. Bruegel should therefore not lose sight of the slow-moving undercurrents that determine economic performance. Rather, it should devote more effort to determining how innovation, competition and regulation may help to build sustained recovery, it should assess the contribution of energy and climate policies to sustainable growth, and it should propose avenues for the rebalancing of the European economy. This agenda has only gained in importance with recent events.

Jean Pisani-Ferry

1. Credit to Xavier Musca for this comparison.

Bruegel's research in focus

BRUEGEL RESEARCH OUTPUT INCREASED MARKEDLY IN 2011 and exceeds any previous year's output. The table below provides an overview of the number of publications by research area and year. The table does not take account of publications in non-Bruegel journals or books by Bruegel fellows. In 2011, Bruegel research output amounted to 43 publications (Blueprints, Policy Briefs, Policy Contributions or Working Papers).

In terms of research areas, the largest number of publications was in the area of **European Macroeconomics**. This is followed by **Global Economics**, then by **Competition, Innovation and Sustainable Growth** and finally by **Finance and Financial Regulation**.

For **European Macroeconomics**, 2011 was a busy year. The frequency of shocks and the deepening of the crisis led Bruegel fellows to adapt their research plans to the most pressing issues. In addition, the trade-off between short-term commentary and more long-term research has been particularly daunting. One of the most successful papers of the year was

A comprehensive approach to the euro area debt crisis by André Sapir, Jean Pisani-Ferry and Zsolt Darvas (Policy Brief, February 2011) – it was downloaded more than 20,000 times.

A major and innovative simulation game and conference was organised, that helped to gain important insights into the euro-area crisis. The simulation game also helped to significantly raise Bruegel's profile in a number of important stakeholder circles. Bruegel also published an evaluation study of International Monetary Fund surveillance of the euro area. The preparation of the study, which was done at the request of the IMF, involved discussions with senior policymakers and the study was presented in The Hague, Madrid, London, Brussels and Berlin. Finally, Bruegel led the debate on the issue of a fiscal union with a Policy Brief *What kind of fiscal union?*, by Benedicta Marzinotto, André Sapir and Guntram B. Wolff (November 2011), in which a tax revenue authority at a federal level was proposed in order to backstop the financial system and help countries in need.

Bruegel: publications by research area					
	2007	2008	2009	2010	2011
European macroeconomics	4	7	15	9	16
Global economics	3	10	7	2	11
Finance and financial regulation	4	2	7	7	6
Competition, innovation and sustainable growth	3	4	7	7	10
Firms and competitiveness	2	3	3	3	n/a*
Total by year	16	26	39	28	43

* This research area was merged with 'competition, innovation and sustainable growth'.

In the case where a publication falls between two research areas, it is only counted in one of the two, even though some papers cut across two research areas.

In the **Global Economics** research area, output was relevant and timely with a number of contributions on the international monetary system (*Global currencies for tomorrow: a European perspective*, Bruegel Blueprint 13, a report prepared jointly with CEPII, Paris, at the request of the European Commission) and the G20, and assessments of the transatlantic debates on the right policy responses. A number of conferences were also held within this research area, bringing together key policymakers and academics to discuss transatlantic economic challenges as well as Asian-European issues.

In the area of **Finance and Financial Regulation**, a number of papers were published, including on rating agencies and global accounting standards. The EU crisis, with a focus on bank crisis management and resolution, was the subject of testimony by Bruegel fellow Nicolas Véron to the US Senate. Moreover, research on a longer-term project for a book on financial regulation, supervision and resolution of global financial firms has begun. A further study by Guntram Wolff investigated the impact of sovereign bond holdings on banking performance. Some projects in this research area have been delayed, partly due to the appointment of one visiting fellow to

become acting president of the European School of Management and Technology (Jörg Rocholl). Research and commentary was presented in numerous international conferences. Bruegel also organised and hosted conferences and workshops in this research area.

Finally, in the **Competition, Innovation and Sustainable Growth**, several papers on energy and environmental issues by Georg Zachmann were published. There was also one paper in the area of science and innovation policy and a number of papers on competition and innovation authored by Reinhilde Veugelers. A number of workshops, in particular on energy, were held at Bruegel.

2011 was also the year in which critical insights from the EFIGE project on the internationalisation of European firms started to be released. The EFIGE team published two reports, respectively on the global operations of European firms, and on their behaviour during the crisis. In addition, several research papers were published giving insights into the firm-level determinants of competitiveness.

Overall, Bruegel fulfilled its research plans for 2011.

MEDIA AND COMMUNICATION

Media impact

2011 was another good year of media outreach for Bruegel. Our media presence grew by 89 percent to 3584 mentions across more than 80 countries. Of these mentions, almost half were published in Bruegel's target media: selected outlets with a higher concentration of Bruegel audiences, and therefore a more effective channel to reach them.

Looking at the geographical spread Bruegel made good progress in all national capitals where the number of mentions increased substantially, especially in the EU7 biggest countries. Bruegel has prominent presence in international media (ie media with readership in more than one region), where the number of mentions increased by 90 percent to 469 in 2011, compared to 248 mentions the previous year.

Similarly, Bruegel remains strong in the key international media (*Financial Times*, *New York Times*, *International Herald Tribune*, *Wall Street Journal*, *The Economist* and *Time*), where the number of mentions grew by 40 percent to 178 mentions in the twelve months to 31 December 2011.

More importantly, the quality of the media mentions has improved, not just in terms of target audience outreach, but in terms of the type of the mentions: more than 40 percent of the mentions in target media were either comment pieces, substantial mentions or interviews. The number of comment pieces by Bruegel scholars published in target media increased by 87 percent to 247 in 2011, which contributes to a better promotion of Bruegel's ideas.

In terms of the format of media mentions, we observed a great increase in the number pub-

lished online, where the mentions have grown by a considerable amount. This shows that there is a good opportunity to develop Bruegel's presence online and to engage in further online activities such as blogs and online videos, which we are developing. Additionally Bruegel has continued improving its presence in the broadcast media with more than 324 interviews produced for TV and radio.

Website

Bruegel's website is the backbone of its dissemination strategy as it serves as a repository of all Bruegel publications, published and archived online. During 2011 we worked to improve several website functionalities and focused on linking back all our activities to the website, which saw a 40 percent increase in unique visitors in 2011.

During 2011 we launched and developed our presence on Twitter, where the number of followers reach 1500 by the end of 2011, and we are currently observing a 3 percent monthly growth. This has helped not only to drive traffic to the website but also to spread our audience base.

Looking at geographical spread, most visits to the website came from Europe and the United States. However, the website recorded hits from more than 120 countries, reflecting the relevance of Bruegel's research beyond Europe and the US. More importantly, the 2011 figures show a much more diverse spread than in 2010, when visits were clearly more concentrated in fewer countries.

It is interesting to note that visits to the website peaked in November due to the high interest generated by the launch of several comment pieces on the European crisis and more specifically on the Greek situation, which shows the ability of Bruegel to react to breaking issues.

FUNDED RESEARCH PROJECTS

Bruegel benefits from a number of funded research projects, with funds coming from international or European institutions and private entities (such as foundations). These funding sources typically cover activities such as research, project management and dissemination. They are chosen primarily on their fit with Bruegel's research programme. This type of funding represented about 23 percent of Bruegel's funding in 2011.

For the financial contribution of each project, please see the Financials section of this Annual Report, and the projects and grants annex which lists all the projects and their financial contribution to Bruegel's 2011 revenue.

Grants awarded to Bruegel in 2011:

Project name: SIMPATIC 'Social Impact Policy Analysis of Technological Innovation Challenges'.

Project in partnership with: KU-Leuven, UNI-MAAS-MERIT, SEURECO, ICCS, UCM, FPB, Imperial, IER.

Description: The objective of SIMPATIC is to provide policy makers with a comprehensive and operational tool box allowing for a better assessment of the impact of research and innovation policies in Europe.

Project duration: 3 years

Funding organisation: European Commission, Directorate General for Research

Project name: S-GAME 'Simulation Game'

Project in partnership with: The Peterson Institute for International Economics (PIIE)

Description: The Peterson Institute for International Economics (PIIE) organised a conference and performed a simulation game with former senior policy makers (no currently sitting officials), bankers, rating agencies and political analysts of Greece, Ireland, Portugal, Spain, France and Germany. The aim of the simulation exercise was to gain insights into how future developments of the euro-area

crisis could look like and what could be the dynamics of decision-making.

Project duration: 3 months

Funding organisation: PIIE.

Project name: Development of New Energy and Transport Infrastructure to match Europe 2050 Energy Agenda.

Project in partnership with: ESMT

Description: Policy recommendation on the public support for deployment of new energy and transport infrastructure needed to meet the 2050 Energy Agenda.

Project duration: August 2011 - October 2011

Funding organisation: Fuel Cells and Hydrogen Joint Undertaking.

Project name: Public Diplomacy, Policy Research and Outreach devoted to the EU and EU-Korea relations.

Project in partnership with: Korean Institute of Finance (KIF).

Description: Analysis of the crisis response of EU and Korea in terms of fiscal, monetary and financial policies; Assessment of possible EU – Korean cooperation on the specific policy issues.

Project duration: August 2011 - December 2012.

Funding organisation: European Commission, Directorate General for Service for Foreign Policy Instruments.

Project name: Determinants of productivity growth in Europe.

Description: Better understanding of the long term determinants of economic growth, and in particular the contribution of R&D expenditures on growth.

Project duration: May 2011 - December 2011.

Funding organisation: European Investment Bank (EIB).

Project name: Provision of expertise in global financial reform after the crisis.

Description: Contribution to KIEP volume *Changes in the international economic order since the financial crisis*.

Project duration: May 2011 - October 2011.

Funding organisation: Korea Institute for International Economic Policy (KIEP).

Project name: The Role of the European Parliament in the European Semester.

Description: Assessment of the principles behind the European semester and its work in practice and analysis of the role of the European Parliament in the European semester, along with national parliaments, and how to better design the role of the European Parliament.

Project duration: March 2011 - June 2012.

Funding organisation: European Parliament's Committee on Economic and Monetary Affairs.

Project name: Evaluation of IMF Euro area surveillance.

Description: Analysis of a set of explicit issues (country, euro-area wide, surveillance process issues), and focus on country cases, relevant for addressing these issues.

Project duration: March 2011 - June 2011.

Funding organisation: International Monetary Fund.

Project name: Further lessons from ICT innovative industries (FLY).

Description: Analysis of recent IPTS micro-level studies on emergent innovative ICT technologies and assessment on the capacity of the European industry to stay competitive in the related markets.

Project duration: January 2011 - November 2011.

Funding organisation: European Commission, Joint Research Centre, Institute for Prospective Technological Studies (IPTS).

Projects conducted during 2011 with grants awarded in 2010

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

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

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

Project duration: September 2010 - September 2011.

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

Project name: Development of the Asia Europe Economic Forum.

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

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

Project duration: January 2010 - December 2011

Funding organisation: European Commission, Directorate General for Economic and Financial Affairs; European Commission, DG Research (FP7 PEGGED project); Asian Development Bank.

Projects conducted during 2011 with grants awarded in 2009

Project name: Assessing the Financial Landscape and Formulating Milestones for Monetary and Financial Integration in ASEAN (Association of Southeast Asian Nations) Phase 2.

Description: Analysis of the European experience of financial integration, principally in the area of banking services, and identification of the relevant lessons for ASEAN financial and economic integration.

Project duration: January 2011 - August 2011.

Funding organisation: Asian Development Bank (ADB).

Project name: The Transatlantic Relationship in an Era of Growing Economic Multipolarity.

Project in partnership with: the Peterson Institute for International Economics (PIIE).

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

Project duration: January 2010 - December 2011.

Funding organisation: European Commission, Directorate General for External Relations.

Project name: Provision of external expertise in monetary and economic policies.

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

Project duration: September 2009 - August 2014.

Funding organisation: European Parliament – Economic and Scientific Policy Department.

Project name: Strategic Partnership agreement with the German Marshall Fund.

Description: The strategic partnership is to leverage Bruegel's intellectual expertise, GMF's convening capabilities and networks in Washington and across Europe, and GMF's growing in-house expertise across possible programme areas: Financial Crisis; Central and Eastern European (CEE) economies and economic relations with the CEE countries; climate change policies and competitiveness. Another topic may be added.

Project duration: January 2009 - December 2011.

Funding organisation: German Marshall Fund.

Projects conducted during 2011 with grants awarded in 2008

Project name: EFIGE, *European Firms in a Global Economy: internal policies for external competitiveness*.

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

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

Description: Assessment of the internationalisation patterns of European firms through the creation of a pilot dataset, based on survey of firm-level data in seven countries (AT, FR, DE, HU, IT, ES, UK).

Project duration: September 2008 - September 2012.

Funding organisation: European Commission, Directorate General for Research.

Team Development

The following individuals joined Bruegel during 2011:

Dana Andreicut, *Research Assistant*, joined Bruegel in September. She holds an MSc in Economics and Philosophy from the London School of Economics. Her research interests are European macroeconomics and economic philosophy.

Chiara Angeloni, *Research Assistant*, joined Bruegel in October. She has a Masters in Economics and Social Sciences from Bocconi University. Her research interests include international Economics and macro economics.

Anna Grabowska, *Research Partnerships Officer*, joined Bruegel in April after working as an intern. She holds a Masters Degree in Management, Finance and Accountancy from the University of Warsaw. Her experience includes the National Bank of Poland, Siemens A.G. and the Permanent Representation of Poland to the EU.

Ioana Leu, *Communications Officer*, joined Bruegel in November, after working as an intern. She holds a Masters in Multilingual Communication Applied in International Relations from the Université Libre de Bruxelles.

Hendrik Meder, *Research Assistant*, joined Bruegel in September. He is studying for a Doctorate in Economics at KU Leuven, and has a Masters from the University of Antwerp with KU Leuven. His research interests are competition policy, industrial organisation and microeconomics.

Silvia Merler, *Research Assistant*, joined Bruegel in May. She holds a Masters Degree in Economics and Social Sciences from the Bocconi University. Her research interests lie in macro economics, especially European economic policy.

Marco Ricorda, *Communications Officer*, joined Bruegel in March, after an internship with the Communications team. He holds a Masters in European Studies from the University of Maastricht.

Mimi Tam, *Research Assistant*, joined Bruegel in September. She has an MSc in Economics from the Barcelona Graduate School of Economics. Her research interests include game theory, decision theory, industrial organisation, competition and energy policy.

Guntram B. Wolff, *Deputy Director*, joined Bruegel in March. He holds a PhD from the University of Bonn and also studied economics in Toulouse, Pittsburgh and Passau. Before joining Bruegel he worked for the International Monetary Fund, the European Commission and the Deutsche Bundesbank. As well as managerial responsibilities, his research focuses on the euro-area economy and governance, on fiscal policy, global finance and Germany.

Bruegel is also grateful to all those who completed internships during 2011: **Milena Mathé, Anna Pfitzer, Dmytro Naumenko, and Rickard Hammarberg.**

Governance

BRUEGEL'S GOVERNANCE FRAMEWORK IS DESIGNED TO ENSURE BOTH THE INDEPENDENCE OF ITS RESEARCH AND ITS RELEVANCE TO DIVERSE STAKEHOLDERS.

Bruegel is a Belgian international non-profit association (Association Internationale Sans But Lucratif), under the number 0867636096, with its registered office at Rue de la Charité 33, B-1210 Brussels. The basis for its governance is formed by its statute and bylaws, both of which can be downloaded from Bruegel's website.

In 2011, the association had three categories of member. **State Members** are governments of member states of the European Union which have chosen to join Bruegel; **Corporate Members** are international firms whose request for membership has been approved by Bruegel's Board; and **Institutional Members** currently include Banque de France, Caisse des Dépôts, Danmarks Nationalbank, the European Bank for Reconstruction and Development, the European Investment Bank and Narodowy Bank Polski (National Bank of Poland).

Each member appoints a Senior Contact Person and an Alternate, who represent the member in Bruegel's governance bodies. The details of members' financial contributions are given in the 'Financials' section of this report.

The General Assembly is Bruegel's highest governing body, which consists of all members. The General Assembly is complemented by 'Groups', which are formed, respectively, by Bruegel's state and corporate members.

The General Administration Body (*organe d'administration générale* under Belgian law) is the Board, which is entrusted with broad decision-making powers, including senior

recruitments and the research programme.

The Board has no responsibility for publications and policy positions. In 2011, the General Assembly met on 22 June for its statutory annual meeting and again on 7 December to agree subscription levels for 2012 and approve the budget. The Group of States and Group of Corporate Members also met on the same days.

Bruegel's Board met three times in 2011, on 28 April, 22 June and 23 November. It has two established sub-committees, the Audit Committee chaired by Helen Wallace and the Compensation Committee chaired by Leszek Balcerowicz.

The Scientific Council consists of eight internationally recognised economists, appointed by the Board for a three-year mandate. It advises Bruegel's Board, Director and Deputy Director and assesses the scientific quality of Bruegel's output. The Scientific Council's chair is Giuseppe Bertola.

Bruegel's Research Programme is currently prepared annually. Based on extensive consultation with Bruegel's members, including at least one plenary meeting of members' Senior Economists (in December), a draft programme is prepared by Bruegel's staff, sent to members for consultation, and proposed to the Board together with the members' feedback.

The Board then adopts a research programme. All of Bruegel's research programmes since 2006 can be obtained from Bruegel's website.

Transparency and integrity

Bruegel's public **Statement on Research Integrity**, adopted by the Board in May 2006, is also available on Bruegel's website. The statement sets rules for the avoidance of political, national or commercial conflicts of

interest which could harm the integrity of Bruegel's research. Bruegel's researchers, including visiting fellows and senior staff, promise to abide by this statement when they sign contracts with Bruegel. They also make an annual declaration of interests to avoid any conflict of interest in the areas in which they work.

Further information:

For links to Bruegel's statutes, previous annual reports and research programme, see:

<http://www.bruegel.org/about/governance-and-funding> and <http://www.bruegel.org/research>

Financial statements

BALANCE SHEET 2011 - 2010		
	2011	2010
ASSETS		
FIXED ASSETS	236,002.94	321,906.97
Furniture and office equipment	185,502.50	283,704.94
IT development	50,500.44	38,202.03
CURRENT ASSETS	792,439.41	257,450.11
Trades receivables	414,810.26	244,850.11
Other debtors	200,679.79	12,600.00
Funded project receivables	176,931.36	
CASH AND FINANCIAL ASSETS	1,761,754.52	2,765,271.08
DEFERRALS AND ACCRUALS	10,374.22	57,724.97
Deferred rent		45,963.69
Deferred insurance		
Other deferrals	10,374.22	11,761.28
TOTAL ASSETS	2,800,571.09	3,402,353.13
LIABILITIES		
CURRENT LIABILITIES	528,842.05	1,361,190.56
Trade payables	177,070.76	190,445.35
VAT payable	62,591.34	408,834.30
Prepaid income	100,000.00	162,500.00
Remuneration and social security payables	170,686.03	176,207.03
Funded project creditors	18,493.92	415,703.88
Accrued charges	0.00	7,500.00
NET ASSETS		
NET ASSETS	2,271,729.04	2,041,162.57
Reserves		
Surplus/loss for the year	230,566.47	-487,940.15
Accumulated reserves	2,041,162.57	2,529,102.72
TOTAL LIABILITIES AND NET ASSETS	2,800,571.09	3,402,353.13

INCOME STATEMENT 2011-2010

	2011	2010
REVENUE		
Subscriptions – State members (Annex 1)	2,056,156.00	2,085,864.00
Subscriptions – Corporate members (Annex 1)	879,167.00	889,166.67
Subscriptions – Institutional members (Annex 1)	112,500.00	87,500.00
Other revenue	900,466.58	1,680,960.61
Honoraria	69,490.24	18,888.14
Project-based funding (Annex 2)	577,076.31	1,399,941.00
Foundation grants (Annex 2)	196,178.08	175,859.00
Sales of publications	193.72	419.18
Financial income (gross)	9,186.13	8,736.76
Other income	56,142.10	77,116.53
TOTAL REVENUE	3,948,289.58	4,743,491.28
EXPENSES		
Wages and Compensation	-2,628,840.23	-2,642,776.00
Project-related data collection costs (1)	0.00	-1,307,090.40
Other operating expenses	-950,006.91	-1,002,822.00
Staff travel costs	-112,125.07	-136,308.00
External research costs	-87,649.22	-43,906.00
Documentation costs	-44,171.72	-37,007.00
Outreach-related costs	-228,568.88	-255,646.00
Office rent and running costs	-360,424.58	-368,286.00
External professional services	-112,936.65	-154,701.00
Financial charges	-4,130.79	-6,968.00
Depreciation charges	-138,875.97	-128,742.00
TOTAL EXPENSES	-3,717,723.11	-5,081,430.40
Surplus/deficit before extraordinary charges	230,566.47	-337,939.12
Write-offs and provisions (2)	-96,296.00	-150,000.00
Surplus/deficit after extraordinary charges	134,270.47	-487,939.12

Notes:

(1) Direct costs for the EFIGE survey, outsourced to a third party.

(2) Write off: one unpaid corporate subscription 2010. Provision: potential adjustment to the claim for the first reporting period of the EFIGE project.

ANNEX 1: CORE FUNDING			
	2011	2010	Notes
Subscriptions – State Members			
Category 1	126,416.00	126,416.00	
Cyprus	31,604.00	31,604.00	
Lithuania	31,604.00	31,604.00	
Luxembourg	31,604.00	31,604.00	
Slovenia	31,604.00	31,604.00	
Category 2	63,208.00	63,208.00	
Ireland	63,208.00	63,208.00	
Category 3	539,164.00	568,872.00	
Austria	94,812.00	94,812.00	
Czech Republic		94,812.00	Left at end 2010
Denmark	94,812.00	94,812.00	
Finland	94,812.00	94,812.00	
Greece	65,104.00		New member in 2011
Hungary	94,812.00	94,812.00	
Sweden	94,812.00	94,812.00	
Category 4	379,248.00	379,248.00	
Belgium	126,416.00	126,416.00	
Netherlands	126,416.00	126,416.00	
Poland	126,416.00	126,416.00	
Category 5	948,120.00	948,120.00	
France	189,624.00	189,624.00	
Germany	189,624.00	189,624.00	
Italy	189,624.00	189,624.00	
Spain	189,624.00	189,624.00	
United Kingdom	189,624.00	189,624.00	
Subscriptions – Corporate Members			
	879,167.00	889,166.67	
Areva	50,000.00	50,000.00	
BNP Paribas Fortis		50,000.00	Left 2010
BP		50,000.00	Left 2010
Deutsche Bank	50,000.00	50,000.00	
Deutsche Telekom	50,000.00	50,000.00	
EDF	50,000.00	50,000.00	
Ernst & Young	50,000.00	35,000.00	Joined 2010
Erste Bank	50,000.00	41,666.67	Joined 2010
France Telecom		50,000.00	Left 2010
GDF Suez	50,000.00	50,000.00	
Goldman Sachs	50,000.00	50,000.00	
Google	50,000.00	25,000.00	Joined 2010
Microsoft	50,000.00	8,333.33	Joined 2010
Novartis	50,000.00	50,000.00	
NYSE Euronext	12,500.00		Joined 2011
Pfizer	50,000.00	50,000.00	
Qualcomm	50,000.00	29,166.67	Joined 2010
Renault	50,000.00	50,000.00	
Samsung	50,000.00	50,000.00	
Solvay	16,667.00		Joined 2011
Syngenta	50,000.00	50,000.00	
Unicredit	50,000.00	50,000.00	
Subscriptions – Institutional Members			
	112,500.00	87,500.00	
Banque de France	12,500.00		Joined 2011
European Investment Bank	50,000.00	50,000.00	
European Bank for Reconstruction and Development	50,000.00	37,500.00	Joined 2010

ANNEX 2: PROJECTS AND GRANTS

	2011	2010	Notes
Income for research activities from public organisations			
	577,076.31		
EFIGE project (1)	217,699.89		
European Parliament ECON Committee	12,500.00		
TRAREL project (2)	52,934.27		
IPTS project (2)	49,700.00		
IMS project (3)	36,019.61		
International Monetary Fund	40,961.94		
European Parliament	40,240.00		
European Investment Bank	15,000.00		
EU-Korea project (2)	29,126.60		
FCH project (4)	60,444.00		
ASEAN project (Asian Development Bank)	22,450.00		
<i>The European Commission also directly funded €60,000 worth of travel costs to the Asia Europe Economic Forum, Seoul, 9 December 2011</i>			
Income for research activities from private organisations			
	196,178.08		
German Marshall Fund Strategic Partnership	111,284.22		
Euro simulation game project (5)	47,160.74		
FCH project (4)	60,444.00		

Notes:

(1) European Commission, Seventh Framework Programme for Research & Development.

(2) Funded by DG RELEX, European Commission.

(3) Funded by DG ECFIN, European Commission.

(4) 50 percent funded by the European Commission, 50 percent by private consortium.

(5) Funded through the Peterson Institute.

Auditor's report

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AISBL International Association
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STATUTORY AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2011 to the General Assembly of the International Association to be held in March 2012

In accordance with the legal and statutory requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements and information.

Unqualified audit opinion on the financial statements

We have audited the financial statements for the year ended 31 December 2011, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of €2,800,571.09 and a surplus for the year of €230,566.47.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we considered the association's accounting system, as well as its internal control procedures. We have obtained from management and from the association's officials the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the association as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

In our opinion, the financial statements for the year ended December 31, 2011 give a true and fair view of the association's assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

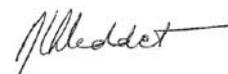
Additional statements and information

The compliance by the international association with the Law of 27 June 1921 related to non profit associations, international not-for-profit associations and foundations is the responsibility of management.

Our responsibility is to supplement our report with the following additional statements (and information), which do not modify our audit opinion on the financial statements:

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- There are no transactions undertaken or decisions taken in violation of the association's statutes or the Law of 27 June 1921 related to not-for-profit associations, international non profit associations and foundations that we have to report to you.

Brussels, 15 March 2012



Marie-Chantal DEBROUX-LEDDET
Certified Auditor

Bruegel's people

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Deputy Director

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