
Highlights of the Brussels Economic Forum 2024

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Introduction: About the event itself

The Brussels Economic Forum is an annual event at which experts, policy makers, entrepreneurs and other stakeholders gather to discuss the most recent issues and challenges and subject them to active debate. For the sake of convenience, I have indexed the key findings per session and per speaker/speakers, and have resorted to the schedule and sessions demarkation as specified by the European Commission on its website, plus my own questions and given answers by the relevant speakers. One of these questions can also be found at the European Commission livestream at 04:56:00, available through this link: <https://www.euronews.com/video/2024/05/16/brussels-economic-forum-live>.

In this document, I have used Roman numbers to rank the different parts of the schedule. There are no direct quotations except for my question directed at the panel discussion from 14:45 (see title VIII on page 8), yet covered topics and answered questions have been documented below with utmost care and accuracy based on my own notes, careful listening and a final review, and can readily be verified through the livestream (except the side session).

I. 11:00: **Meabh Mc Mahon** - Euronews (Welcome)

- This session will cover issues such as the economy and cost of living, livestream is conducted by Euronews.

II. 11:05: **Maarten Verwey** - Director General for Economic and Financial Affairs, European Commission (Introduction)

- PM of Lithuania, Ingrida Šimonytė will be speaking soon.
- This forum is a place of open debate, where ideas and solutions are to be found.
- Spring forecast: EU turned a corner after a long period inflation and stagnation.
- The EU lost its competitive edge in key technology, this slowdown in productivity needs to be reversed.
- Defence is now a priority.
- Challenges are big, while fiscal space for achieving objectives is limited.
- Advice: row together, or drift backwards.
- Key question: How to ensure that the Green transition is just and fair?
- Two other key question: What role will AI play in our economy? And how do we keep our energy policies up to date?

III. 11:10: **Ingrida Šimonytė** - PM of Lithuania (Keynote speech):

- When Lithuania joined the EU on (2004), the impact of bank enlargement could be felt -> fear of delocalisation increased at the time.
- A dream of peace and hope -> joining the EU was the right decision, yet it is wrong to assume that peace will simply be permanent.
- History may repeat itself if we are not careful.
- COVID boosted search for better health-care.
- Living on the crossroad or the front line, keeps you vigilant and fit.
- Lithuania's GDP per capita quadrupled since joining the EU.
- We should not fall prey to populism -> peace in Europe can be exported globally.
- Cutting trade barriers 10% will raise GDP by 7%.
- Europe needs to improve defence industries and unlock capital to do so.
- EU must become a geopolitical force -> a more fragmented world needs a more united EU.

IV. 11:25: Nadia Calviño - President of the European Investment Bank (Tommaso Padoa Schioppa address):

- Determination, unity and solidarity are the core values prescribed by the EIB.
- A recent report on single market highlights its AAA rating and the role the EIB plays.
- Strategic autonomy is an important condition on which it operates.
- The bank aims to consolidate a prominent role as the EU climate bank -> innovative investments in agriculture are a key component, as are other initiatives such as a collaboration with the WHO aimed at ending Polio.

V. 11:35: The green transition in election times: fair policies for people and the climate
Moderated by **Jack Schickler**, Euronews

Panel discussion:

Paolo Gentiloni, Commissioner for the Economy, European Commission

Kostis Hatzidakis, Minister of National Economy and Finance, Greece

Hilary Cottam, Honorary Professor, UCL Institute for Innovation and Public Purpose

Tea Jarc, Confederal Secretary, European Trade Union Confederation

Adélaïde Charlier, Climate and social justice activist

- A general remark by **Jack Schickler**: Protests are on the rise vis-à-vis the Green transition.

Kostis Hatzidakis:

- We cannot simply backtrack the overall targets of the Green transition, yet the pace may have to be readjusted.
- Criticism is largely there because ambitions exceed those of other countries.
- Using the tools of development banks is critical (4 Ps).

Hilary Cottam:

- Failing to act would be unforgivable -> the pace of change needs to go up.
- Those suffering are often poor -> hence go forward faster.
- At the end of WW II, Europe also had to move forward through welfare.
- We should think differently about work.
- Infrastructure and the distribution of improvements matters.

Paolo Gentiloni:

- We are reaching the end of the Von der Leyen Commission.
- With the start of that period came the start of the Green Deal.
- After five years, we asked ourselves, is the Green Deal regrettable -> according to us: no.
- EU contributes to 7% of global emissions -> what happens with the other 93% is a matter of geopolitics.
- €620 billion per year will be needed towards 2030 -> overall -> to be adjusted if necessary.

Tea Jarc:

- The best way to address popular discontent is to improve policy.
- We need to make sure job loss is managed.
- So far, only Spain has matched EU commitments regarding climate change.
- Without a citizens say, populism will be resorted to.

Adélaïde Charlier:

- Fear of climate change is very prevalent among the young generation, and it is based on facts.
- There is a gap between science and policy.
- Green Deal is not enough, and resistance to change is normal.
- Far-right activists are using a scapegoat by pointing fingers at climate activists.
- Long-term leaders are needed, and the Green Deal needs to be stronger.

Kostis Hatzidakis (in response to the other panelists):

- There is an 8% reduction in coal.
- Emissions in Greece have been reduced with 43% since 2005, thanks to EU assistance.
- A plan for a just transition is needed, and Megalopolis and North-Macedonia are most affected by climate change.
- There is little alternative to address these issues.

Paolo Gentiloni (in response to the other panelists):

- Green Deal does not seem a topic of debate.

Hilary Cottam (in response to the other panelists):

- Climate policy is not a cost -> cost is to have more fires, more floods, and more insurance claims when climate risks are not addressed.
- Investing in whole new sectors of the economy will be critical.

Adélaïde Charlier (in response to the other panelists):

- It is too late already, and we are in great danger.
- When the Green Deal is successful, this will be due to political courage and citizen's engagement.
- The biggest threat in this context is a social crisis.
- Climate change has been a threat for over 50 years already.
- GDP+3% is what is needed according to the EC -> GDP alone does not take into account externalities -> bear in mind Simon Kuznets, the creator of this indicator, who emphasised the importance of not using the GDP in isolation of other variables as a metric of economic validity.
- So is GDP really the best metric to reach climate neutrality?

Tea Jarc (in response to the other panelists):

- Climate justice and social justice are two sides of the same coin -> one cannot exist without the other.
- Mainly difficult in Southern-European countries to reach climate targets.

Paolo Gentiloni (in response to the other panelists):

- A bigger programme on EU investments is ongoing and connected to green targets -> 4% of €800 billion.
- After the crisis of 2008, public investments went down, whereas after COVID it increased instead.

Kostis Hatzidakis (in response to the other panelists):

- MSs can ask for extension of 7 years for green investments despite fiscal rules adjustments.

Tea Jarc (in response to other panelists):

- Trade unionists are very much against the fiscal rules adjustments.
- Austerity measures will increase unemployment and stagnate the Green transition.

VI. 13:15: Parallel thematic side session I -> "The 2024 Ageing Report – Ageing Europe: a grey wave and a budgetary tsunami?" by Ben Deboeck - Economic analyst, Directorate-General for Economic and Financial Affairs, European Commission (moderated by Anneleen Vandeplass - economist, Directorate-General for Economic and Financial Affairs, European Commission):

- There are currently about 1.7 retirees per each two workers.
- The fertility rate is below the replacement level and will continue to be so throughout time up to 2040 (as visible from the graph at the presentation).
- The older population behaves differently, has less appetite for work, less capital, and consumption and housing preferences are different from the rest of the population.
- The Netherlands has 8.3 %-points of GDP increase in projected expenditures on retirees versus 0.4 on EU in average.
- The 2021 report contained a revision of -1.3% of these projected expenditures for the Netherlands.

My question:

- Regarding expenditure projections, I notice several scenarios are used for stress-testing. Do these stress-tests - for extreme scenarios - take into account risks related to climate catastrophes and armed conflict on this continent?

Answer by Ben Deboeck (facts summarised, not to be taken as a direct quote):

- Extra adverse scenarios for stress-testing do exist, by including cases of severe climate risks such as weather catastrophes (e.g wildfires or floods). The risks of a war are not included in any of the current models (European Commission economic forecasts) as these are almost impossible to predict.

VII. 14:15: Oxford-style debate on the motion: "This forum believes that Artificial Intelligence will have a positive impact on the European economy and society"

Speaking in favour of the motion: **Diane Coyle**, Bennett Professor of Public Policy, University of Cambridge

Speaking against the motion: **Gemma Galdón-Clavell**, Founder and CEO, Eticas Consulting

Before the debate commenced, this question was asked to the audience through digital voting: Does AI have a positive impact on society?

Voting results before debate:

Yes: 81%

No : 19%

Diane Coyle:

- Initially, the Cambridge train station was built 2.5 kms from the university. It was feared that its construction and this new technology would negatively affect the academic and studying climate at the campus.
- In fact, the university tried to stop the station's construction (old Varsity Line) ten times in the 19th century -> back then, the technology was very controversial.
- Likewise, in 1524, people would have been negative about the printing press for corrupting book writing.
- Technologies like these and AI included, are general purpose technologies, aiming to provide energy and information.
- Civilisation was built on information.
- AI saves researchers steps and improves the simplification of complex processes.
- How can Europe build its own AI industry? Scale is key, as are network effects.
- The AI industry creates well-paid, high-skilled jobs.
- The positive impact of AI depends on the youth.
- Negative fears distort policy discussions, hampering effective application.

Gemma Galdon Clavell:

- When women go to a bank, they receive ten to twenty times less banking services due to data discrimination.
- Discrimination is thus a major problem in AI.
- Facial recognition can automatically exclude you, even on incorrect grounds.
- In healthcare, misdiagnosis of diseases is a major AI-related problem.
- And in the labour market, AI is used to determine interview chances -> discrimination based on generalised patterns occurs.
- Moreover, AI is tested on the most vulnerable and defenceless people -> this is a policy failure -> parliament should be a place for strategic participation -> sadly this is not the case for AI.
- European 'pride' means that product variants of US-produced AI is made, with emphasis on low prices instead of high quality.
- The focus lays on more AI, instead of better AI.
- The AI sector is a lazy one with no incentive to protect against externalities -> no accountability.

Diane Coyle (in response to Mrs. Clavell):

- We should navigate AI from the negative to the positive.
- Bias largely comes from society, not from AI.
- 4Cs need to be addressed: i) Competition, or rather the lack thereof ii) Control, which can be enforced through the law iii) Capabilities can be increased, meaning prompt engineering and a wider skill set iv) Change -> there will be some disruptive change.

Gemma Galdon Clavell (in response to Mrs. Coyle):

- "AI has the potential to ..." is not relevant when this potential is not realised -> therefore it is an invalid argument.
- Bias does not come from society, but from faulty AI models.
- Healthy markets are achieved through democratic checks, not due to AI.
- During the pandemic, people died so vaccines were needed. But without rigorous testing, vaccines could not be used. Why do we not apply this standard for AI, the only industry where this is not the case?

Voting results after debate on whether AI will have a positive impact on society:

Yes: 54%

No : 46%

VIII. 14:45: Economic security in election times: Can Europe maintain its competitiveness while leading on the green transition?

Moderated by Federica Di Sario, Climate Reporter, Politico

Panel discussion:

Kadri Simson, Commissioner for Energy, European Commission

Peter Carlsson, Chief Executive Officer, Northvolt

Carlos Cuerdo, Minister of Economy, Trade and Business, Spain (was not present after all)

Danuta Hübner, Member of the European Parliament

Olivia Lazard, Research Fellow, Carnegie Europe

- Two opening remarks about economic security by **Federica Di Sario**: i) COVID, and the war in Ukraine have accelerated a contraction in supply chains ii) The EU has had to change its policy vis-à-vis China -> decoupling is not an option

Kadri Simson:

- In the past few years, Europe faced one of the worst energy crises since a generation.
- Imports from Russia were part of the problem.
- 2022 was an extremely difficult year.
- We now have more electricity than natural gas.

Danuta Hübner:

- Are Green Deal targets appropriate? There is no uniform stance on Green ambitions.
- In Poland farmers have been protesting on the streets recently.
- We need to be ambitious -> This will result in a more competitive union in the long run.
- The expectations of citizens need to be a priority -> 80% of the EU population has Green ambitions.

Olivia Lazard:

- The global average temperature has increased 1.65 degrees Celsius versus pre-industrial levels -> We are losing about 60 million dollars per hour due to direct climate disasters, an underestimation.
- Economies are very resource intensive -> undermines capacity on which our economic infrastructure depends -> affects agriculture, industry, technology and trade -> economic effects such as inflationary pressures -> fragments society and fuels extremism.
- Energy regulation is an issue regarding competitiveness.
- It is critical to identify weaknesses and connect industries to patent developers.
- The energy transition will de-risk certain markets.
- Transportation costs must be reduced.

Peter Carlsson:

- Regarding the energy transition, we must lean forward.
- Science is supportive of the transition policies taken.
- Consequently, the Paris treaty is being upheld.

Kadri Simson (in response to the other panelists):

- Funding the energy transition requires heavy funding by the private sector, especially at a time of high interest rates.
- Europe is the first world region committed to becoming climate neutral (by 2050).

- Even sceptics figured out the first-mover advantages.

My question to the panel:

- "First of all, I would like to thank you all for discussing your views on economic security, I think it's a very important one. My name is Ardi Kaars, I'm a citizen from the Netherlands and am also here on behalf of my investment committee. A recurring theme is efficient capital allocation, and I think corruption risk is an important one in this regard. There is one stakeholder in my view, that is consistently overlooked: Whistleblowers. Three names come to my mind, in first instance: Stephanie Gibaud, from France; John Christmas, from Latvia; or Maria Efimova from Malta. But there are many other ones. Their efforts are necessary to reduce corruption risks, make markets more efficient, and also a safeguard for individual rights. My question is: What is the EU going to do for these people, on their behalf, and on the EU's own behalf? Thank you!

Federica di Sario:

- "I don't believe it's exactly the expertise of the Commissioner ...".

Accompanying answer by Kadri Simson:

- "I'm afraid that I do have a colleague who is responsible for that ... and unfortunately she's not at this panel."

IX. Julia Cagé, Professor of Economics, Sciences Po Paris (dynamic conversation):

- About 3 percent of Chinese imports are necessary to fight climate change.
- When voting, we choose a bit with our heart, for the past 215 years (France).
- Geosocial class is a powerful explanatory variable for differences in voting behaviour.
- The 2005 election (France) is a good indicator for far-right voting in June.

On a final note

This years BEF covered various current challenges, the most notable ones being the energy transition, the role of AI, economic security and the rise of populism. The conversations were fruitful and informative, and have reaffirmed the importance of international cooperation among EU MSs on these issues. On a personal note, my questions were aimed at gathering information on how to make markets in the EU a custodian of individual rights and efficient economic production. The results in June's election will inform us on how to proceed. Thank you for reading!