

New Concept for Europe Initiative

Renew Europe

Prepared in collaboration with McKinsey & Company

January 2018



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Preface



Klaus Schwab,
Founder and Executive
Chairman,
World Economic
Forum



Borge Brende,
President, Member of
the Managing Board,
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Recent months have shown positive momentum for Europe's political and economic situation. There is a drive for much more solid and broad-based progress, and the European Central Bank has substantially increased its forecast for economic growth in the Eurozone over the next few years. Unemployment is falling and new opportunities for young people are being created. This uptick in optimism has created a window of opportunity for Europe to address the issues that are most crucial to the well-being of its citizens, businesses and other stakeholders.

However, many challenges remain and must be addressed in a substantive manner: the impact of the Fourth Industrial Revolution, inequality, divergence across the continent, ageing and migration and other disruptive forces are already testing Europe's fundamental values. Furthermore, Europe's political landscape is fragmented and trust in its institutions is still too low.

Europe has no choice but to move beyond its divisions and use this window to develop practical, feasible ideas that make a meaningful difference to people's lives, and to build momentum for critical long-term transformations.

We hope this report becomes a catalyst for a much-needed conversation about how Europe can act in solidarity and demonstrate the bold leadership required, before this window closes. This is a call for ideas and for actions that are audacious and visionary enough to create the robust and growing Europe the next generation deserves.

We would like to thank the members and chairs of the Europe Policy Group and the Youth Champions for their contributions and ideas, as well as McKinsey & Company for the analysis they shared.

The World Economic Forum is keen to provide a platform for this continued dialogue and exchange of ideas and we hope that all citizens, businesses and other leaders join the conversation on what it will take to build a new concept for Europe at #RenewEurope.

Executive summary

Europe has enjoyed 60 years of peace and prosperity, and its economy has largely recovered from a difficult decade that clouded those accomplishments. The “New Concept for Europe” initiative aims to inspire shared and positive aspirations for the future, to help Europe sustain its well-being and address the disruptive forces reshaping the world, within and beyond European borders¹. Based on the values and hopes of Europe’s next generation, it provides a starting point to develop a vision and practical ideas to move forward in addressing these potentially destabilizing forces and assuming a global leadership role.



Now more than ever we must stand up for European values and I call on youth to create their Europe.



Klaus Schwab – Founder and Executive Chairman, World Economic Forum

This initiative is a consultative effort. It aims to engage a broad spectrum of European stakeholders to ensure the path that Europe charts meets their needs and expectations. Rather than providing an academic view of the most important next steps for Europe, this report is a synthesis of the ideas and aspirations that European youth, as well as leaders from politics, business, academia and civil society, have for Europe.

The months of discussions that informed this report have made it clear that Europe’s next generation believes in a modern set of European values, and fears these are coming under threat. Young people are, for example, enthusiastic about the promise of the Fourth Industrial Revolution – but concerned that Europe should maintain its commitment to equality and opportunity, and not allow the digital economy to leave many Europeans behind. They see Europe’s openness and diversity as a core strength, and do not want concerns around migration and globalization to threaten it.

The “New Concept for Europe” initiative addresses these and other concerns by bringing together a diverse group of Europeans to propose aspirations and initial ideas for reform in five areas of particular importance to the European agenda:

- **Human-centric economy:** We are living through the beginning of the Fourth Industrial Revolution. As it profoundly transforms the way we live, work and interact with one another, how can we achieve progress and well-being for citizens?
- **Democracy and governance:** The increasingly fractured political landscape and surge of populist and extremist voices in the last election cycle are symptoms of declining trust in the effectiveness of democratic institutions in the face of global challenges. What novel approaches could rebuild trust in democratic principles and governance, and how do we bridge the divergence across the continent?
- **Security and defence:** Europe is facing an increasingly multipolar and fractured global order. It remains a haven of peace and security. What measures would be effective to ensure Europe’s defence and security leadership in the future?
- **Migration and borders:** Europe has been struggling to formulate a united and lasting strategy in dealing with immigration. What ideas could help to unblock the discussion and move towards a holistic, forward-looking migration policy?
- **Energy and sustainability:** Europe is developing the foundations for a world-leading green economy, but it is still largely dependent on fossil fuels. How could Europe’s leadership be encouraged to implement the Paris agreement and move towards a more sustainable economy?

In all of these areas, Europe can benefit from standing together. They are also at the forefront of the minds of European citizens: these five themes together cover more than two-thirds of the policy areas in which most Europeans say they want the EU to intervene more than at present, according to a recent Eurobarometer survey².

Rebuilding trust in Europe: Three considerations

Recent research by the McKinsey Global Institute (MGI), including analytical reports, surveys of citizens and business leaders across Europe, and submissions to a prize essay competition, has shown that there is great appetite for change in Europe – particularly as the economy has recovered – but also lingering distrust in overall political, economic and social systems. Rebuilding that trust will require simultaneously addressing the underlying drivers of citizen concern and sustaining economic momentum. The following are three key “ingredients” for the overall development of trust, which are closely tied to the five themes considered in this report:

- 1. Restoring economic dynamism and investment for inclusive growth** to restore economic confidence: while recovery is here, it remains uneven – and recapturing the momentum will require a renewal of business confidence. Business investment is still below pre-crisis levels, at 12.4% of GDP in 2016. When we have surveyed business leaders about what is holding back investment, they mention lingering uncertainty and weak demand, which is hampering growth and productivity.
- 2. Capturing the benefits of globalization, while addressing the backlash against trade and migration as a step to improve confidence in social cohesion:** The increased flows of goods, finance and data have raised world GDP by at least 10%, adding almost \$8 trillion to GDP, and Europe has been at the heart of these connections. Today, however, the continent faces a popular backlash against trade and migration – two of globalization’s core tenets. For policy-makers and business leaders, the complex challenge ahead is how to capture the benefits of continued growth in these flows while mitigating negative consequences, including income inequality and social cohesion.
- 3. Embracing automation and AI to drive long-term competitiveness, while addressing challenges from the future of work** to help build confidence in meaningful employment. Automation technologies including artificial intelligence (AI) will bring benefits in the form of increased productivity, safety and corporate performance, but also considerable transition challenges, as humans work ever more closely with machines, and in some cases, are replaced by them. For Europe’s five largest economies – France, Germany, Italy, Spain, and the United Kingdom – we estimate that about \$1.9 trillion in wages and 62 million workers are associated with technically automatable activities. The risk is that automation will exacerbate social and economic divergence, and also that concern about its implications could slow down progress.

Trust is an intangible but critical feature of modern democratic societies; it is easy to lose and hard to regain. Addressing these three underlying drivers of discontent can be an important starting point, but it is far from comprehensive. A complete reboot of European trust would also require evolution of EU and national governance, revamped credibility in delivering public services, and true innovation in citizen engagement.

The World Economic Forum convened the multistakeholder, multigenerational New Concept for Europe initiative to begin the thought process on necessary reforms in each area. In summer 2017, the Forum brought together a group of 37 “Youth Champions”: young adults from all over Europe, including representatives of the European Youth Forum, the European Youth Parliament and the World Economic Forum’s Global Shapers community³. In parallel, the Forum established the Europe Policy Group, comprising over 130 thought leaders from government, business and civil society. With input from the Youth Champions, the Europe Policy Group developed aspirations and practical ideas under the guidance of five “theme champions”.

The following chapters present the aspirations and ideas that the policy group developed for each theme. Though these aspirations vary across topics, they overwhelmingly call for a more inclusive, open and connected Europe that is also secure, safe and rooted in European values. For example, they look to build a Europe where “principles of liberal democracy thrive, and institutions are relevant, responsive and trusted” and where “governments and societies take greater responsibility for their own security and defence, with Europe becoming the dominant security actor in its own region”.

Across the five themes, the policy group’s ideas find ways to exploit Europe’s unique diversity and scale and improve engagement with citizens. Many ideas propose methods of sharing resources and innovations across Europe, so that the region can handle challenges that are too big for individual countries and enabling each country to access a larger range of skills, knowledge and tools. These include proposals to connect cities dealing with similar security challenges, unified defence procurement, and a pan-European demand-driven immigration system. Other ideas explore how reformed relationships between Europe’s citizens and institutions ensure that Europe evolves to let citizens contribute and meet their needs. For example, they propose a Universal Right to Learn that enables citizens to pursue lifelong learning of their choosing, and free access to energy data to give consumers choice and control in the transition to a cleaner economy.

These two aims – citizen-centricity and drawing on Europe’s diversity and scale – are not at odds with each other. In the transition to the Fourth Industrial Revolution, it is not only increasingly possible but also more necessary than ever to simultaneously engage citizens and connect the resources needed to address the challenges ahead.

The ideas presented in this report are examples of achievable ways to build momentum for the change needed in Europe. They are not intended to form a comprehensive reform agenda, but rather to accelerate conversation and action. The New Leaders for Europe – a community of dynamic politicians committed to shaping the region’s future – have already started thinking about the implementation of some of these ideas, and the additional actions needed to create a new concept for Europe. It will now be essential to mobilize stakeholders from government, business and civil society to translate the strongest ideas into action, as Europe transitions from reactive crisis management to proactively addressing the future.

The World Economic Forum convened 170+ stakeholders ...

... to work in groups to define bold aspirations for five themes ...

... and to propose initiatives to get started.

37 Youth Champions

- 616 European youth surveyed on values and trade-offs
- 30 Additional contributions from local communities

139 Senior policy group members

- 39 Public sector
- 32 Academia
- 54 Business
- 14 Civil society

Human-centric economy

Driving progress and citizen well-being in the Fourth Industrial Revolution

Democracy and governance

Rebuilding trust in democratic principles and governance

Security and defence

Assuring Europe's future leadership through regional collaboration

Migration and borders

Humanely and professionally responding to the new migration reality

Energy and sustainability

Leading the way in implementing the Paris Climate Agreement in a truly green, affordable and secure manner

Example initiatives

Universal Right to Learn to enable citizens to train for the future of work

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Digital Democracy Compact to articulate the technology sector's commitments to democratic principles.

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SeCURE Cities programme to connect cities to jointly address terrorism, crime and violence.

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Common digital identity for refugees and asylum seekers, to support more effective management of asylum flows

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Free access to energy data to optimize supply and demand matching, and provide consumer choice

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Initiative timeline

Consultation with Youth Champions
21 June 2017

Policy Group brainstorming
July–September 2017

Reshaping Europe meeting
29 September 2017

Policy Group idea refining
October–November 2017

World Economic Forum Annual Meeting
23–26 January 2018

Multistakeholder action and discussion

This project is a collaborative effort of the World Economic Forum and McKinsey & Company. The World Economic Forum was responsible for project management, and the work of the groups, while McKinsey & Company and the McKinsey Global Institute facilitated access to additional analysis and expertise. The ideas and aspirations in this report are fully those of the Europe Policy Group and the Youth Champions.

The voice of the young generation

Young Europeans believe in a core set of European values, and want Europe to inspire the world with them.

They overwhelmingly believe in the European project, and they want more collaboration to solve the problems individual European countries cannot handle alone. Among the values they have highlighted, the following stand out:

European countries must remain **open and connected**, to each other and to the world. Though this will require Europe to evolve and compromise over time, “openness and curiosity are fundamental for prosperity and having a positive outlook into the future”, as one Youth Champion phrased it.



Aspirational TIME covers describing the Europe that youth want to see in the future from Youth Champions from Cambridge (left) and Brussels (right)

Europe's **diversity** – of cultures, languages, religions and ways of life – is a strength Europe must protect and celebrate. According to the 2016 Eurobarometer, 75% of young Europeans aged 15–24 have a positive view of the EU – a figure that falls with age to 65% among those 55 and over⁴. European identity enhances the national identities people simultaneously hold; as one Youth Champion put it: “Diversity is our strength.”

It is no coincidence that 52% of Europeans see the European Union as better embodying “tolerance and openness to others” than anywhere else in the world, and 57% think the same of “freedom of opinion”, according to the 2016 Eurobarometer⁵. If Europe is to continue to stand for **inclusion and equality**, all Europeans must have the opportunity to succeed. In a survey, almost half of all Europeans believe society should emphasize “social equality and solidarity” to face major global challenges – consistently a top-ranked issue⁶.

Europe's valued safety net can be maintained only by **inclusive, sustainable growth and competition**. Europe will need to incentivize and enable people to do the hard, risk-taking work of building enterprises and innovating.

Democracy is one of Europe's historical strengths: as one Youth Champion said, “Put human values in the forefront of every action, embrace all parts of society, put people before economics, reread the history.”

However, young Europeans are concerned these values are under threat, requiring everyone to redouble their efforts to sustain them. For example:

- **Inclusion and equality:** In the wake of the financial crisis, Europe has experienced rising inequality and difficult conditions that have challenged the value of inclusion. Between 65 and 70% of households in advanced economies – including Europe – experienced flat or falling real incomes between 2005 and 2014⁷. Ongoing digitalization may further suppress wages and displace workers. Europe will need to develop a more **human-centric economy** that can simultaneously enable growth and protect well-being for all.
- **Openness and diversity:** Security concerns and the recent wave of asylum seekers have led to calls to close borders and limit free movement across Europe. Europe's evolving demographics and culture have sparked a backlash, particularly among groups that feel “left behind”. In a recent McKinsey Global Institute survey, 36% of those with flat or falling incomes who did not expect the situation to improve for the next generation agreed that “legal immigrants are ruining the culture and cohesiveness of our society” versus just 19% of those with neutral or advancing incomes⁸. As one Youth Champion said: “We are all different and passionate about our different cultures.” Protecting openness and diversity will require, among other things, Europe to provide real solutions to the public's fears about **migration** – considering flows, integration and overall management of all types of migrants and asylum seekers – and to ensure **security** within and beyond Europe's borders.
- **Democracy:** Trust has already fallen in pan-European and national institutions, and citizens consistently find that their governments are not sufficiently addressing their needs or meeting their demands. Democratic values may be further strained as the world becomes even more digitalized, connected and complex. Europe will need to develop much more effective, responsible and responsive **democracy and governance**.

- **Sustainable growth:** Many of Europe’s young people are aware of the intensifying effect that climate change may have on well-being during their lifetimes: the natural disasters, mass dislocation and health effects it may bring will make it increasingly hard for Europe to live out its values. Avoiding this will require Europe to truly lead the **energy** transition.



Aspirational TIME covers describing the Europe youth want to see in the future from Youth Champions from Oxford (left) and Istanbul (right)

Europe must stand together to address these fundamental challenges, which are too big for any country to handle alone. Europe should use its combined scale and unique diversity to build a “New Concept” – as one Youth Champion put it, to “empower young people and make them feel ownership of the common good and society, in order to make them think about more engagement in the future”. While many changes and issues will need to be addressed, the five areas of action addressed in this report – a human-centric economy, democracy and governance, security and defence, migration and borders, energy and sustainability – are an important place to start.

Who are the Youth Champions?

The Forum created the Youth Champions community in summer 2017. Its 37 members include representatives from:

- Over 30 European hubs of the 6,000-strong **Global Shapers community**, the World Economic Forum’s network of young people driving dialogue, action and change
- **The European Youth Forum**, which represents 50 million organized young people and 104 youth organizations, both national youth councils and international non-governmental youth organizations.
- **The European Youth Parliament**, which is present in 40 European countries and arranges almost 600 events involving close to 35,000 participants every year.

The Youth Champions organized brainstorming sessions across Europe and investigated the views of other young Europeans from different walks of life. With their participation in the Reshaping Europe meeting in Milan, they brought the perspective of youth to the five expert policy groups presented in this report.

“

So, what is Europe? I can tell you what being European means to me: it means being protected, but not protectionist; it means being open to diversity, without losing integrity; it means pursuing prosperity without sacrificing sustainability. Surely, Europe is not perfect - nor are Europeans. Yet, especially today, I see few places other than Europe where each of us can get a fair chance to perfect themselves – and others.

”

Leonardo Quattrucci – Youth Champion, Brussels Hub

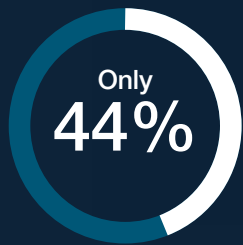


Five themes of particular importance to Europe

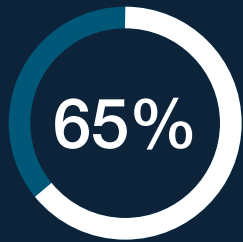
Human-centric economy

Driving progress and citizen well-being
in the Fourth Industrial Revolution

Related Trends



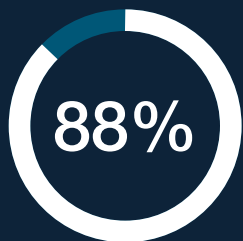
of Europeans believe they are **sufficiently skilled** in the use of digital technologies to do their jobs¹



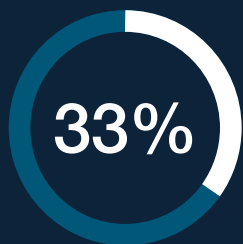
of children entering primary school today may end up in **job types that don't yet exist**²

**€2.5
trillion**

additional European GDP in **2025** if Europe digitizes rapidly – **10%** above baseline projections for that year³



of Europeans believe that robots and artificial intelligence are technologies that **require careful management**¹



of select young leaders in Europe would trust decisions made by a robot on their behalf⁴

**Up to
800
million**

individuals globally who could be displaced by automation and need to find new jobs by 2030 around the world⁵

Aspiration Elements

from the Europe Policy Group



Equipping citizens with the skills for tomorrow



Investing in critical digital assets, technologies and ecosystems



Adhering to human values during the Fourth Industrial Revolution



Adapting the welfare, taxation and competition systems to the Fourth Industrial Revolution economy

¹ Special Eurobarometer 460: Attitudes towards the Impact of Digitisation and Automation on Daily Life, European Commission, May 2017.

² World Economic Forum, "The Future of Jobs and Skills", January 2016.

³ McKinsey Global Institute, "Digital Europe: Pushing the Frontier, Capturing the Benefits", June 2016.

⁴ World Economic Forum 2017 Global Shapers Survey.

⁵ McKinsey Global Institute, "Jobs lost, Jobs gained: Workforce Transitions in a Time of Automation", December 2017.

Digitalization and automation are critical for Europe's growth, but will have important social implications

The Fourth Industrial Revolution will transform Europe's society and economy in the coming years⁹, raising fundamental questions about how businesses, governments and other organizations can be designed to satisfy human needs and achieve the values to which Europeans aspire.

The digital revolution offers many opportunities for Europe, and is critical for Europe's future economic growth¹⁰ and ability to compensate for demographic change. Taking Germany as an example, early adoption of automation could add 2.4 percentage points to annual per capita GDP growth to 2030 – significantly more than the annual drag of 0.6 percentage points anticipated due to ageing¹¹.

Europe will need to act quickly if it is to capture the economic benefits of new technologies. Many European firms and countries are lagging behind not only the US but also increasingly China in developing the digital tools and skills needed for future success¹². It is challenging to attain scale across a fragmented European landscape.

Already, roughly half of all working hours could be automated using current technology, which promises productivity growth but risks leaving behind those who cannot adapt¹³. Globally, approximately 35% of skills and qualifications required in different industries will change because of automation by 2030¹⁴. Those with low skills or occupations that will not transact easily will be particularly affected. Disparities may be further widened as many digital platforms have “winner-takes-all” dynamics, enabling individuals and organizations that lead the digital transformation to accrue even greater wealth.

European citizens are understandably anxious about what the Fourth Industrial Revolution means for their future. In most European countries surveyed, less than half of the generation over 50 years old believe that children will be better off financially than their parents, though young people are more positive¹⁶. Almost three-quarters of all Europeans expect technology to destroy more jobs than it creates; less than half believe they are sufficiently skilled in the use of digital technologies to do their jobs¹⁷.

Europe should seize this moment to build a human-centric economy – one that puts humans at the centre of technological change, while realizing its manifold growth opportunities. A new social contract is needed, based on access to improved education and job creation in the Fourth Industrial Revolution.

“

We need to modernize the education system to give young people the tools to empower themselves. Education based on 19th-century methods is not helping young people to be creative, start their own businesses and thrive in the digital economy.

”

Lilla Sarolta Balogh – Youth Champion, Budapest Hub

Aspiration: Europe must simultaneously drive progress and citizen well-being under the Fourth Industrial Revolution

We aspire to build a Europe where citizens are central to driving progress in the Fourth Industrial Revolution.

Our children's Europe should lead the world in developing new technologies and maximizing their impact on well-being, economic growth, innovation and job creation through investment and lifelong learning. This new European social contract should ensure all citizens participate in and trust a secure digital society that adheres to fundamental liberties and values, and build social and fiscal frameworks fit for the Fourth Industrial Revolution economy.

- **Equip citizens with the “skills for tomorrow”.** Citizens need skills to participate in the digital economy's fluid job markets: digital skills, entrepreneurship, emotional and social skills that are hard to automate. We need a pan-European commitment to lifelong learning for all kinds of workers, with governments, business, civil society and individuals taking collective responsibility. Building on Europe's ongoing commitments to education, such as the European Education Area¹⁸, upskilling should be a core component of a human-centric economy – similar to citizens' rights for unemployment, healthcare or pension benefits.
- **Invest in critical digital assets, technologies and environments.** A human-centric economy must be healthy, competitive and growing. Europe should pursue research and large-scale investment in technologies that drive growth and benefit society, and create environments in which digitized companies can flourish.
- **Adhere to human values during the Fourth Industrial Revolution.** Europe must ensure technology works for humans. This includes addressing open questions on privacy and data protection as well as the ethical and legal principles governing new technologies and their effect on society, while also incentivizing businesses to make human values and social welfare part of their bottom line and daily operations.
- **Adapt the welfare, taxation and competition system.** New digital business models call into question fundamental principles of taxation, anti-trust and welfare systems, with fewer stable “jobs for life” and more short-term, contract-based jobs and self-employment. Europe needs to accelerate existing efforts to define a new social contract, including tax rules that ensure businesses pay their fair share, and social security provisions, labour market and competition rules that ensure citizens are not left behind.

Youth perspective

Europe has to become a hub for innovation and a global leader in technology – as well as using advances to improve citizens' lives.

Young people are energized by the opportunities offered by digital tools, and the potential for European innovation to enhance well-being – while acknowledging that it will take investment and effort to ensure that all citizens benefit. Many young people are already struggling to find secure, well-paid employment, and feel that their post-secondary studies have not helped¹⁹. They believe in intervention to direct the Fourth Industrial Revolution: a World Economic Forum survey of the Europe Shapers community and other European youth showed that 68% want Europe to do more to “proactively manage the adoption and use of new technologies to allow for economic and social transitions”, rather than “leave the adoption and use of new technologies to market forces even if it puts jobs at risk”²⁰. But they also appreciate the need to incentivize effort and risk-taking: 54% want Europe to do more to “reward individual achievement and hard work through low tax burdens and social changes”, rather than to “support a minimum level of livelihood for everyone through strong social support systems”²¹.

Big ideas: Building momentum for a human-centric economy

Building a human-centric economy will require concerted efforts to stimulate growth and address the social implications of digitalization. The group considered measures that could complement existing EU initiatives on lifelong learning, data protection, taxation and investment in technology. These included standardized professional qualifications and portable social benefits to increase labour mobility, updating taxation and welfare systems, revising competition policy, and requiring digital platforms to have compliance functions similar to the requirements for banks.

One idea stood out to the group as having especially interesting potential to address the need to upskill and continuously reskill European workers so that they remain relevant in an economy being changed by technology. It had broad appeal as a meaningful reform that promises to be more practically achievable than a universal basic income.

Universal Right to Learn (URL)

Major investments are needed from the private and public sectors to build human-specific skills such as creativity and interaction with others, and entrepreneurial and technological skills. To encourage these investments, Europe could create a new Universal Right to Learn (URL) system: every year, as part of a new social contract, the European Union would give all adult citizens URL tokens that could be redeemed for skills training. The training could be done with any provider – an educational institution, business or individual – in any European country, or online.

The URL system would ultimately be paid for by businesses, through a scheme that draws inspiration from the carbon tax: each employer would have an annual training quota, and would have to either return its specified amount of redeemed tokens or pay a fee. Employers could opt to offer training themselves or buy tokens from others who have provided training.

Token redemption and trading could be tracked and verified using blockchain. To maximize incentives to provide training with real economic utility, tax data could conceivably be used to identify and devise rewards for those trainers whose trainees experience the highest average increases in income after the training.

The URL system would establish lifelong learning as a social norm, and incentivize individuals to invest more in developing their skill sets. It would also incentivize businesses to offer non-employees the kind of training currently offered only to employees: this benefits the business by creating a pipeline of potential new employees, while addressing social inequality by widening access to high-quality training with real-world workplace relevance.

Policy-makers would need to integrate this programme into the existing education system, potentially by involving universities and vocational schools as training providers, and manage the financial burden this would place on European businesses; for example, through tax incentives. The programme would also require rigorous quality-assurance mechanisms, potentially including reviews tracked through blockchain, EU regulations and close monitoring of the outcomes of upskilling to ensure relevant skills are being learned.

Three additional ideas were also prioritized. Together, these represent opportunities to build momentum, rather than a comprehensive plan to develop a human-centric economy.

Europe Combinator: European youth entrepreneurship programme

Programmes such as Erasmus+, eTwinning, the vision for the European Education Area²² and Erasmus Entrepreneurs²³ are helping to create educational and business exchange links among different European countries, but Europe's students would benefit from further opportunities to experience working across cultures and using online tools to collaborate.

A new European Youth Entrepreneurship Programme could have a much broader scale, and give every student aged 16 or above the opportunity to learn about entrepreneurial skills and use them to collaborate on a project, ideally with peers in other countries. Prizes would be given to the best projects. The programme would promote intergenerational links, as well as a cross-fertilization of students and business, by inviting experienced or retired entrepreneurs to mentor and connect with young people.

Combined with a media campaign in which leading entrepreneurs discuss the importance of risking failure, the programme would help to inculcate a healthy approach to entrepreneurship and risk-taking among European youth.

Fourth Industrial Revolution flagship project investment

While initiatives such as Horizon 2020, the European Innovation Council pilot²⁴ and EuroHPC²⁵ are a welcome start, cutting-edge companies in promising technologies still find it harder in Europe than elsewhere to obtain the capital needed to expand. In collaboration with industry players, the European Commission could launch an EU flagship initiative to coordinate policy actions and public funding in selected Fourth Industrial Revolution technologies deemed to have the potential to create jobs and drive European well-being.

As an additional way to unlock funding for emerging companies, Europe could use public procurement. For example, some of Europe's healthcare budgets could be condensed to facilitate large-scale investment in digital solutions to improve the quality and cost of healthcare, or municipalities could co-invest in developing digitized transport. Public consultation can help determine the best areas for investment, with a potential focus on building capabilities in security, clean energy, high-performance computing, medical technology and mobility.

Continued EU policy actions would need to underpin these investments to tackle the structural non-financial barriers to investment that currently exist, such as fragmentation and capital constraints in the EU risk capital markets.

European Technology and Human Ethical Commission (ETHEC)

The rapid adoption of innovations in areas such as artificial intelligence, drones, self-driving cars, the Internet of Things (IoT) and CRISPR/Cas9 gene-editing technology is creating new threats to human rights and dignity as well as new opportunities to protect them. Machines are increasingly taking ethical decisions that affect human lives, which necessitates clear thinking about how to integrate technological and organizational innovation with individual and collective well-being in order to underpin a new social contract.

EU institutions and member states could create a new, multistakeholder body – the European Technology and Human Ethical Commission (ETHEC) – charged with anticipating threats and opportunities, and formulating forward-looking ethical principles to address them; establishing methodologies to assess human-technological interactions in organizations and enterprises, and guidelines to improve them; and managing multistakeholder experimentation programmes to generate evidence on solutions. This body could build on and support organizations initiating elements of this work at a national and pan-European level, such as Germany's Ethics Commission on Automated and Connected Driving, and multistakeholder efforts such as the Partnership on AI.

ETHEC's remit would be an integral part of efforts to create a European Digital Single Market – it would complement existing European efforts on the protection of personal data, in which General Data Protection Regulation (GDPR) is a first step. This can guide policy-makers on where free access to certain data is warranted, and which datasets should not be commercially available for certain uses.

ETHEC would be made up of citizens, companies and other stakeholders, making Europe a world leader in putting humans at the centre of the Fourth Industrial Revolution. As well as making recommendations to European policy-makers, ETHEC could propose an international treaty on AI – similar to a non-proliferation treaty – to seek to minimize the potential risks of negative cross-border effects from powerful AIs that could be created in the future.

Conclusion

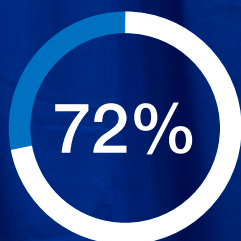
“Over the centuries, human progress and technological change have been closely intertwined. As our societies undergo the major transformations triggered by the Fourth Industrial Revolution, the fear of technological change is growing. Europe should embrace the 4IR, not just for the sake of technology, but rather as it presents an opportunity for economic growth, job creation and increased collective well-being and standard of living. Taking bold policy measures along the lines of this report will be required to make this large-scale transformation a collective success.”

- Alexander De Croo, Deputy Prime Minister and Minister of Development Cooperation, the Digital Agenda, Telecommunications and Postal Services of Belgium, champion for the human-centric economy theme

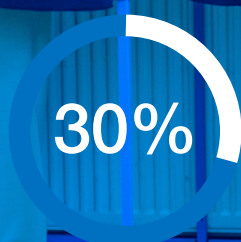
Democracy and governance

Rebuilding trust in democratic principles and governance

Related Trends



portion of French and Italian citizens who believe “the system” is not working¹



portion of Estonian citizens who now vote online²



↓ >30% ↓ ~15%

Decrease in voter turnout since the early 1970s³

Aspiration Elements

from the Europe Policy Group



Improving institutions by increasing transparency and better meeting the needs of citizens



Celebrating and growing new modes of voter engagement

Germany 20

Sweden 23

Spain 40

Turkey 50

Ukraine 71

support for
“a strong leader who does not have to bother with parliament and elections”, % (2010–2014)⁴



Rebuilding trust in democratic principles and the rule of law



share of tweets linked to the German Parliamentary Election in 2017 with political news and information that included “junk news”⁵



Setting values-based norms on the democratic governance of technology

1 2017 Edelman Trust Barometer Report.

2 “Freedom in the World 2016: The Annual Survey of Political Rights and Civil Liberties”, Freedom House.

3 International Institute for Democracy and Electoral Assistance.

4 “Munich Security Report 2017: Post-Truth, Post-West, Post-Order”, Munich Security Conference.

5 Oxford Internet Institute, “Junk News and Bots during the German Parliamentary Election: What Are German Voters Sharing over Twitter?”, September 2017.

European liberal democracy is facing internal and external challenges, but digitalization offers opportunities for revitalization

European states are recognized as world leaders in democracy. In surveys, European citizens associate Europe with fair, free and competitive elections, separation of powers, the rule of law, human rights and political freedoms. European democracies are traditionally also associated with strong social contracts and safety nets.

However, over the past decade, trust in European institutions, national governments, the media and other elements of civil society has decreased²⁶. The EU still commands the broad support of its citizens, with most saying they would vote to “stay” in a referendum. Nonetheless, 72% of Europeans think the EU is “heading in the wrong direction”; 68% say the same of their national governments²⁷, according to a 2015 survey. While voter participation in recent national elections has been relatively high, there is scepticism about the ability to make a difference²⁸ – only 42% of EU citizens think their voices count in the EU²⁹.

The growing number of voters who have lost confidence in the system may be contributing to the increased support for extremists and populists in recent national elections³⁰. Outside of the election cycle, support for authoritarianism as a form of governance is rising: the proportion of citizens saying they prefer a “strong leader who does not need to bother with parliament and elections” ranges from 20% in Germany – up from 13.5% two decades ago – to around 70% in Romania and Ukraine³¹. According to some studies, Europe’s younger citizens value democracy least: close to 60% of Europeans born in the 1950s say “living in a country that is governed democratically” is essential; less than 45% of those born in the 1980s agree³².

The Fourth Industrial Revolution offers opportunities to revive liberal democracy, but it also threatens it: digital echo chambers are enabling the spread of fake news and making public discourse less reliable and nuanced. The same proportion of people – 60% – now say they trust “a person like yourself” as say they trust technical or academic experts³³.

“

Let’s give hope to the people who still believe in justice and solidarity between nations. Europe is the birthplace of democracy and ethics, let’s not forget that.

”

Andreas Hadjisofocleous – Youth Champion, Nicosia Hub

Aspiration: Europe must engage its citizens and recommit to democratic principles

We aspire to create a Europe where the principles of liberal democracy thrive, and institutions are relevant, responsive and trusted. Technology can help: the Fourth Industrial Revolution is reshaping how citizens and governments interact. But because it poses new challenges to democratic systems and values, technology itself needs democratic governance.

Improve institutions by increasing transparency and better meeting the needs of citizens. By making institutions more transparent, open and responsive to citizens, we rebuild trust. We encourage initiatives that make people part of policy- and decision-making through greater transparency, crowdsourcing of needs and ideas, reinventing public services and making interactions with local, national or European governments more easy and meaningful. From informing people about policy processes to challenging fake news, transparency is the best preventive tool.

- **Celebrate and grow new ways of voter engagement.** Lack of satisfactory engagement of citizens by governments, and voters by political parties, pollutes perceptions of democracy. We celebrate experiments and grass-roots initiatives that offer practical, technology-driven solutions.
- **Rebuild trust in democratic principles and the rule of law.** Support for these core values cannot be taken for granted: Europe needs to stand strong in their defence.
- **Strengthen Europe’s global role as a values-based norm setter of democratic governance of technology.** The digital society and economy flourish when Europe upholds the rule of law and enhances civil liberties online. The alternative is a backlash and further erosion of trust.

Youth perspective

European youth want Europe to do more to involve them, respond to their concerns, establish relevance in their lives and win their trust. The 2017 survey of the World Economic Forum’s Global Shapers community asked whether respondents agreed or disagreed that “in my country, young people’s views are considered before important decisions are taken³⁴”. Among respondents from Europe, over three-fifths disagreed. As one young European interviewed by a Youth Champion for this project put it, “Europe seems a very far entity ... I don’t know what they do every day in Brussels.” Across Europe, young people want to see real improvement in how governments engage with citizens, intelligibly addressing the issues that matter to them, with democracies becoming more responsive, responsible and effective.

Big ideas: How can we revive democracy and governance in Europe?

To fully meet these aspirations and address any legitimacy challenges, Europe would have to undergo a fundamental redesign of its institutional framework and more. In this vein, the group discussed a number of ideas, involving pan-European political parties, a common European federal fiscal budget, a European-level news agency, digital citizenship as a way to improve the relationship between citizens and governments, and mechanisms to promote liberal democracy in Europe's neighbourhood. The ideas that generated most interest follow.

Digital Democracy Compact

With many young people now accessing news largely through social media and the internet, these platforms have become a battleground for hearts and minds, with significant and growing effects on democracy and open societies. The EU is the most able and credible actor to apply the rule of law in a hyperconnected world, given its leadership in areas such as net neutrality and data protection.

Europe could build a Digital Democracy Compact to articulate commitments by the technology sector towards strengthening democracy and democratic principles. The principles of such a compact need to be drafted in an inclusive and bottom-up process, involving citizens – especially young citizens – and governments, but also technology companies in the private sector. This would go beyond self-regulation, but fall short of legislative steps.

The technology sector itself stands to benefit from such a compact: technology's disruptive impact has not only brought opportunities, but increasingly risks hurting trust in technology itself. Threats to democracy from the use of technology manifest themselves differently across Europe, with varying levels of concern about digital bubbles, fake news and the lack of transparency over funding of adverts. The need for transparency of algorithms is especially broadly shared.

The compact should have a global ambition – it represents an opportunity to exercise soft power on the global stage.

Beyond the Digital Democracy Compact, the group selected four further ideas for development:

Votes at 16

Youth participation has been a problem in mature European democracies for decades; the problem was highlighted at the UK's Brexit referendum, where younger cohorts were more pro-EU but less likely to vote. Citizenship education on its own has had only a minor impact. However, Austria and Scotland have both had successful experiences with lowering the general voting age to 16 – evidence suggests that 16–17 year olds are more likely to vote than 18–24 year olds, and that those who begin voting early are more likely to carry on doing so over time³⁵.

The EU's voting age could be reduced to 16 ahead of the European Parliament elections in 2019 – coupled with a push for citizenship education in all schools across the EU. Citizenship education needs to start in primary school, but should particularly be aimed at 16–18-year olds to enable them to understand what is at stake in elections and to vote in a more informed way.

To harmonize the minimum voting age for EU elections, the EU would need to change its electoral law, which requires a qualified majority vote in the Council of the EU. Although the idea already has the support of the European Parliament and major civil society organizations, a renewed, coordinated push led by civil society that brings together a broad coalition of actors across the public, private and social sectors could build additional momentum. In the future, this coalition could also examine the potential to expand the initiative to national and local elections.

Billboard Europe: Communicating rights and services provided for citizens

To rebuild trust, the EU needs not only to improve its service delivery but also to translate its regulations, the functioning of its institutions and, importantly, the benefits and rights it achieves for its citizens into easily understandable and accessible language. One small yet potentially concrete idea to get started could be to "Billboard Europe".

The non-financial benefits of the EU could be made more tangible to citizens through the use of creative artwork and messaging in various settings; for instance, including messages on boarding passes informing citizens about their travel rights, in a similar way to how roads and infrastructure projects are marked as supported by the European Union. Additional examples could include messages on websites, informing users about how EU rules protect their data; or on mobile phone bills, reminding users that they have the right to free international roaming within the EU.

Billboard Europe could be a simple way to highlight the many aspects of EU citizens' daily lives that are positively affected by the EU. The initiative should not be led by EU institutions themselves, but by a community of stakeholders such as foundations, think tanks, transnational social movements, private companies and national or local public authorities.

Experimenting with digital citizenship

To improve voter and citizen engagement with government, Europe should harness digital tools to improve its democratic processes and ensure it is at the forefront of developments in e-participation and digital citizenship. As a first step, digital technology could be used to help engage citizens between elections through, for example, a voting advice application (VAA). Run by a coalition of civil society groups and supported by the European Parliament, this would ask voters questions about their policy and service preferences and compare their answers to the stances of political parties.

Research suggests that VAAs can increase electoral turnout³⁶, and they have demonstrated wide appeal: in the run-up to the 2017 Dutch election, up to 72% of the voting population may have consulted a VAA³⁷. Although still relatively new, research suggests that VAAs may also improve the quality of decision-making among otherwise less active voters by supporting the formation of electoral preferences and increasing cognitive engagement with the issues at hand³⁸. There is clear potential also for VAAs to increase engagement with the political process between elections, by enabling users to signal their preferences on emerging issues in ways that can attract the attention of decision-makers.

Democratic Stability Framework

With EU member states regressing on commitments to the Copenhagen criteria, the EU could be given new tools to ensure Europe remains a global standard-setter on democracy. An independent, high-level commission of civic leaders could regularly monitor the state of democracy among EU member states against a set of benchmarks (European Democracy Standards – EDSs), developed in cooperation with the Council of Europe and Venice Commission, and adopted at a special EU summit. The EDSs could potentially encompass areas such as stable institutions, the rule of law, human rights and respect for and protection of minorities, and could be incorporated into the Lisbon Treaty at the next round of reforms.

To ensure compliance with the EDSs, mechanisms such as tangible financial penalties for non-compliance could potentially be established. These funds could contribute to a new Democratic Stability Fund to support NGOs, independent media and anti-corruption watchdogs in EU member states, and democracy education in universities and schools.

Conclusion

“One of Europe’s great achievements is the advancement of the rule of law, democracy and human rights. The quality of life of people the world over improved directly through the integration and expansion of these principles with EU policies. Today, however, trust in neither Europe nor liberal democracy is a given, and technology plays a disruptive role. In a hyperconnected world, fundamental principles must be defended where needed and expanded where possible.

In the digital world, few norms are agreed and shared yet, while much is at stake. Respect for the rule of law, democratic principles and people’s rights online are not guaranteed. Fair competition, access to information, free expression and non-discrimination are all challenged by repressive governance or impacted by data-driven profit models. Security threats require solutions that do not undermine the very benefits of an open internet. Still, the promise of global benefits of empowered individuals and connectivity for all, remains a real aspiration.

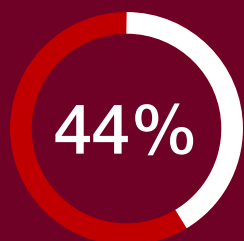
Building on the leadership Europe has shown in setting democratic norms and crafting laws, we can restore people’s trust at home and worldwide. By ensuring democratic governance of technology, safeguarding democratic principles and people’s rights online, Europe should pave the way in ensuring the rule of law remains meaningful even as technology disrupts. Europe should fully embrace the role of leader in setting normative digital policies in a hyperconnected world.”

- Marietje Schaake, Member of the European Parliament, champion for the democracy and governance theme

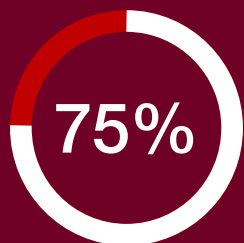
Security and defence

Assuring Europe's future leadership through regional collaboration

Related Trends



44% of Europeans believe that terrorism is one of the two most important issues facing the EU¹



75% of Europeans support a "common defence and security policy among EU member states"¹

€26 bn

potential efficiency gains from increased EU defence cooperation, according to the European Parliament²

€265 bn

the cost of cybercrime to EU member states each year – more than Europe spent on defence in 2016³

3x

longer lag time between cyber intrusions and their detection in Europe vs the rest of the world³

Aspiration Elements

from the Europe Policy Group



Incorporating citizen concerns into security and defence



Increasing pan-European cooperation at all levels



Developing sufficient and high-end military capabilities

¹ Standard Eurobarometer 87, Spring 2017.

² European Parliamentary Research Service, *The Cost of Non-Europe in Common Security and Defence Policy*, 2013.

³ EPSC strategic notes: *Building an Effective European Cyber Shield: Taking EU Cooperation to the Next Level*, European Commission, May 2017.

Europe is facing rising threats, but it still has a fragmented approach to security and defence

Europe faces rising geopolitical risks as the world order becomes increasingly multipolar. New threats are growing in intensity, directly affecting the safety of European citizens. Ungoverned territories in the Middle East and North Africa, for example, are becoming host to a range of military non-state actors, some with international terrorist ambitions³⁹. Africa's population will double in 30 years and – without substantial job creation – youth radicalization and migration could have severe knock-on effects for Europe⁴⁰.

At the same time, the US appears unwilling to sustain its role as the global police officer or serve as the unconditional protector of its European allies, and Russia and China are challenging the existing global order⁴¹. Although Europe's combined defence spending – €227 billion in 2016, compared with the US budget of €545 billion – could make it a leading global military power, Europe's defence capabilities vary substantially across member states, and few of them meet NATO's 2% of GDP defence spending target⁴².

Europe has few deployable forces – even fewer that can be deployed sustainably – and fragmentation and inefficiencies in defence spending only exacerbate the situation⁴³. EU decisions on “traditional aspects” of security and defence policy require consensus to undertake action⁴⁴. Important institutions and norms, including the Organization for Security and Cooperation in Europe (OSCE) and Schengen, which were established during a period of peace and stability, are struggling to cope with a more uncertain security environment. Efforts such as the recently signed European defence compact, which was agreed by 22 states and includes measures for Permanent Structured Cooperation (PESCO), are beginning to deepen collaboration on security and defence, but they still have limited scope⁴⁵.

In particular, Europe needs to strengthen its capabilities to address “hybrid threats”, such as the cyber aggression being used to undermine Europe's political systems, economies and critical infrastructure. Cyber threats will increase as tools and techniques become more sophisticated. Yet Europe's planned public-private investment in cybersecurity research and development by 2020 is only about a tenth of the amount the US dedicated in federal funding to this challenge in 2017 alone⁴⁶.

Europe is becoming more diverse and multicultural, which can have second-order impacts on social cohesion. Lack of social integration and the alienation of first- and second-generation migrants to Europe have been linked to radicalization and the potential for violence⁴⁷. On the other hand, extreme nationalism is spreading its influence.

Not surprisingly, when asked about the main challenges facing the EU, most Europeans mention terrorism (44%) and immigration (38%)⁴⁸. A broad set of changes are needed to address these popular concerns, and they create an opportunity for European nations to increase their collaboration on security and defence. Four in five European citizens think there should be more European-level decision-making on fighting terrorism⁴⁹, while three in four support a “common EU defence and security policy⁵⁰” and a similar number would like the EU to play a more active global role⁵¹.



Look at what we collectively achieved as a European community. We have celebrated culture, integrated economies and collaborated on security. For example, we helped create peace in Northern Ireland!



Peter Edgar – Youth Champion, Belfast Hub

Aspiration: Europe needs to become a more effective, coordinated security actor

We aspire for European governments and societies to take greater responsibility for their own security and defence, with Europe becoming the dominant security actor in its own region. European citizens now experience the effects of insecurity in their daily lives – whether from terrorism, undocumented migration or cyberattacks. As such, they are right to demand that European governments overcome their past reservations, work collectively and set ambitious targets to strengthen European security in the future, moving incrementally towards strategic autonomy through greater collaboration with each other.

- **Incorporate citizen concerns into security and defence policy.** European citizens are vocal in their demands for a safe, secure Europe, but European governments have not done enough to seek their input or respond to it. Europe's security and defence policy should reflect citizen concerns and priorities, and it should improve citizens' day-to-day lives.
- **Increase pan-European collaboration and coordination at all levels.** While the United States will likely remain the world's most powerful military actor, and is still committed to transatlantic solidarity and collective defence, Europe needs to be capable of acting independently to protect security – including, if required, performing crisis management operations – in its own neighbourhood. This is especially important as the settings for these operations have become much more hardened, exemplified by the increase in terrorism. No European nation can hope to ensure its security alone. The EU should use its political and procedural mechanisms to help overcome its members' current fragmentation, and formulate concrete goals in its foreign, security and defence policy that reflect its existing strategic partnership with NATO and make the most of future collaboration between the two institutions.
- **Develop sufficient and high-end military capabilities.** With increased capability and credibility to pursue its strategic interests in a fast-changing global environment, Europe can contribute more significantly to the security of its friends and allies around the world.

Youth perspective

It is in everyone's interests for Europe to do more together on security and defence – but young people do not want to compromise on their basic freedoms and rights. By a margin of more than two to one, respondents to the World Economic Forum's survey wanted Europe to spend more rather than less on common European defence and security. There was also majority support – 55% vs 45% – for Europe to do more to “be a leader in global conflict and crisis management” rather than “stay out of global conflicts”⁵². Twice as many survey respondents would have Europe do more to “protect privacy and individual freedom” rather than “monitor private citizens to ensure security”. Likewise, 60% would prefer to have Europe do more to “protect freedom of speech and free press unconditionally,” than “ensure access to accurate news and act on hate speech”⁵³.

Big ideas: Resilience within and outside Europe's borders

The working group debated various ideas to strengthen Europe's internal and external resilience, including strategic investment in African infrastructure, creating European versions of US institutions such as the Peace Corps and the FBI, tackling joint financing of security and defence at a European level, and establishing a meaningful European border protection force that combines policing and humanitarian functions. The idea generating most interest is outlined here.

SeCURE Cities

Across Europe, cities and city regions are confronted with growing threats. Extremists, including terrorists, increasingly use cities as arenas for violence to further their political aims or to promote a world view based on ideology or religion. Criminal gangs add to the violence as they seek to control territory, maintain hierarchical power structures and defeat rivals. Political demonstrations sometimes lead to violent disorder, either by design or through loss of control.

European cities are economic powerhouses, and drivers of international flows of people, money, products, resources, ideas and technologies. Cities have begun to play a greater role in various aspects of national and international governance, which has promoted the idea of “city diplomacy”, including some security-related aspects. Reduced levels of criminal, extremist and social violence would enhance competitiveness and promote a higher quality of life for residents.

SeCURE Cities should prioritize increasing the effectiveness of existing arrangements and city networks to ensure urban security. The initiative can provide a stronger and better way to link cities with similar problems and compatible policy competence, decision-making authority and human and financial resources. It could innovate by developing:

- A tool for cities to locate appropriate partners in urban violence-reduction initiatives

- An index to measure the success of initiatives in reducing such violence.

The initiative needs to engage stakeholders across the public and private sectors, like chambers of commerce, religious institutions, charities, associations, self-help and community groups.

A meeting of mayors at Davos to launch a SeCURE Cities prospectus could provide the necessary political leadership. The work could be continued under the auspices of an organization such as the OSCE, involving relevant existing networks such as the Strong Cities Network, Nordic Safe Cities Network, European Forum for Urban Security, 100 Resilient Cities initiative and Global Cities Forum.

Four further ideas were prioritized – not as a comprehensive action plan, but as opportunities to generate momentum.

European Security Forces

To strengthen Europe's strategic autonomy in the field of security, while respecting European states' sovereignty, governments could take a step-by-step approach to establish credible European Security Forces. With no need to compete with NATO in territorial defence and large-scale “out-of-area” operations, the EU can be a smart and complementary actor in “softer areas” of hard security that closely reflect Europeans' needs and concerns. The European Security Forces could incorporate and empower existing operating units and develop new capabilities, including:

- A coordinated, formal annual or biannual strategic review to identify key security threats and both national and EU-wide needs, with targets set to address these issues, and with funding decisions closely tied to this review
- A strengthened European Coast Guard, to better support member states in addressing undocumented migration, human trafficking and smuggling, in collaboration with NATO and non-EU members to enhance Europe's overall strategic autonomy
- Enhanced European capacity to prevent cyberattacks on critical infrastructure and address misinformation spread by hostile states and terrorist groups.

With all NATO member states currently committed to increasing defence spending to 2% of GDP by 2024⁵⁴, there may be scope to apportion some of the additional funding to joint European units, and increase collaboration by investing in the technological capabilities and skill sets of European forces⁵⁵. Progress will require three or four key member states to support this idea, inspiring the European Commission to propose a legal framework that enables close cooperation with non-EU states – both NATO allies and other neighbouring countries.

Common procurement for European security and defence

To tackle fragmentation and lack of flexibility in defence and security spending, Europe could move forward on common procurement in areas such as capital expenditure (capex) funding and common equipment. Pooling procurement could enable Europe to deliver more capabilities, interoperability and innovation for the same level of investment. It could save up to 30% of annual European defence equipment spending, which could be reinvested in developing new capabilities, while enabling interoperability and effectiveness.⁵⁶

This idea is not new, but the timing is opportune, given rising public and political support for collective EU defence action. There is existing momentum from programmes such as the European Defence Fund and the joint Franco-German fighter jet proposal. Lead nations could establish consistent guidelines on procurement for widely used capabilities. They could also look at using the PESCO framework as a starting point to drive joint action, eventually creating a framework that incorporates non-EU member states.

Joint European Disruptive Initiative (JEDI)

To accelerate innovation with the potential to give Europe a competitive advantage in militarily relevant technologies, Europe could launch a Joint European Disruptive Initiative (JEDI). Inspired by the US Defense Advanced Research Projects Agency's (DARPA) methodology, it would challenge research centres, universities and firms; provide significant funding (between €2 million and €50 million per project); incentivize risk-taking and moving at speed; prioritize developing prototypes that work; and quickly shut down projects if the expected results did not materialize. JEDI would enable a completely different approach and culture from day one, making it preferable to trying to improve existing structures for research funding.

There is already consensus on this idea among key stakeholders in France and Germany. These countries could take the lead, bringing on board research centres and technology companies, relevant ministries (research, finance, digital, defence) and leading thinkers, and opening the initiative to the participation of other European countries. Launched with public funding, JEDI could later solicit contributions to its budget from private foundations.

Global Cyber Compact

To drive the process of defining and enforcing an international regime of norms for state conduct in cyberspace, Europe could take the lead on a Global Cyber Compact, defining states' obligations, rights, red lines and sanctions for violations.

The recent failure of the UN GGE (the Group of Governmental Experts on Developments in the Field of Information and Telecommunications in the Context of International Security) has left a vacuum of leadership that EU member states and the European Council and Commission are well-placed to fill. With the expected deployment of increasingly sophisticated

AI-based systems for cyber defence, the risks of unintended escalation – including even to physical warfare – are rising dramatically. The urgency of the need for international norms on conflict in cyberspace is now widely recognized.

Conclusion

“European nations have global economic interests, and the security of European citizens is intimately connected to global developments, whether through flows of migration, changes in the climate or the breakdown in systems of global health protection. Ultimately, therefore, Europe will have to become a global player in security.

At this time, however, European governments need to focus on improving their internal resilience to external threats emanating from their region as well as from the domestic threats of terrorism and heightened levels of criminality. Part of the answer will be in the form of financial investment and part in strengthening EU and pan-European levels of planning, coordination and action. It will also be important for Europe to have greater ambition for its security and defence policy and further its collaboration with existing institutions, such as NATO.

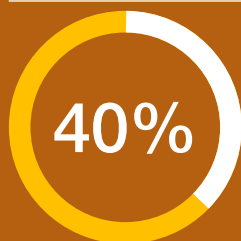
Once they are in a stronger position domestically, European nations will have the chance to use their combined strength to influence global security debates, whether to establish a global compact on cyber- and space security or to deliver multinational stabilization plans for an increasingly dangerous European neighbourhood.”

- Robin Niblett CMG, Director, Chatham House, champion for the security and defence theme

Migration and borders

Moving towards a holistic, forward-looking migration policy

Related Trends



employers who report difficulty in finding employees with the required skills, especially in healthcare and technology¹

Armed conflict/war	70%
Persecution	44%
Bad living conditions	39%

Reasons for leaving home countries, % of total responses by individuals who have fled their home countries and arrived in Germany 2013–2016²

1.3m

out of 2.3 million asylum seekers who reached Europe between January 2015 and August 2016 will likely receive refugee status³



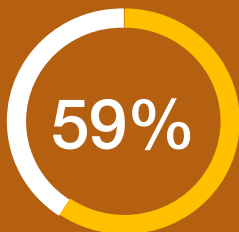
~30%

wage gap between natives and migrants with similar skill sets³



53%

unemployment rate among refugees in Germany (2016)³



of Europeans fear refugees will increase terrorism⁴



of Europeans believe that refugees are a burden because they take jobs and social benefits⁴

Aspiration Elements

from the Europe Policy Group



Attracting more of the skilled migrants Europe needs



Addressing conditions in source countries that spur forced migration



Effectively managing inflows of refugees and asylum seekers



Integrating refugees and asylum seekers holistically



Improving social cohesion of European societies

1 OECD, Getting Skills Right: Assessing and Anticipating Changing Skill Needs, 2016.

2 BAMF, Geflüchtete Menschen Haben eine Hohe Bildungsorientierung, 52/2016, 2016.

3 McKinsey Global Institute, People on the Move – MGI's New Research on Cross-Border Migration, December 2016.

4 Pew Global Attitudes Survey, Spring 2016.

In a world where high levels of migration are the new reality, Europe still faces gaps in its ability to attract talent and integrate new arrivals

Migration has been a driving force in Europe's economic and cultural development throughout its history. Both intra-EU and extra-EU refugees and migrants are integral to Europe's current identity and prosperity: in 2015, together they represented around 11% of Europe's population and contributed 14% of regional GDP.⁵⁷

The policy group focused on two categories of people entering Europe. The first category includes migrants who enter a country voluntarily for work, education, family reunion or the pursuit of a better life. The second comprises asylum seekers – individuals entering Europe via a request for international protection. Asylum seekers include individuals who will eventually be granted refugee status, or other forms of international protection, to provide a safe haven from armed conflict or persecution. Individuals entering Europe as asylum seekers face repatriation if their claim for international protection, under the 1951 Geneva Convention, is denied.⁵⁸

High- and medium-skilled migration is widely regarded as beneficial and desirable. It spurs entrepreneurship and can serve to fill gaps in European labour markets. Europe is facing demographic changes that will decrease its working age-population by a projected 42 million between 2013 and 2050, which means the demand for labour is unlikely to be filled by native populations alone.⁵⁹ Medium-skilled workers for nursing and caretaker positions, among others, may be particularly important for Europe as its ICT, education and human health and social services sectors are expected to grow in future.⁶⁰ Migration also significantly contributes to job creation across Europe. For example, migrants are more likely to lead high-growth enterprises (20% of migrant-led enterprises are expected to create >10 jobs in the next five years vs 14% of native-led undertakings).⁶¹ However, Europe's immigration policy does not sufficiently attract and retain the talent it needs: migrants to Europe have lower skill levels than migrants to the United States and Canada.⁶²

The economic effects of low-skilled migration are less clear, and can be a burden on host countries, especially as low-skilled migrants face considerable obstacles to fully integrating into European society. True integration is a holistic process that goes beyond economic and labour-market issues to also include education, housing and health, sociocultural and language integration. It is closely related to efficient, effective asylum procedures (for those entering Europe as asylum seekers).⁶³

The latest wave of asylum seekers entering Europe is, however, widely perceived by citizens to have been poorly managed. In particular, Europe has struggled to establish efficient asylum procedures, repatriation mechanisms and an effective integration policy for asylum seekers.⁶⁴ In 2016, the average duration of asylum procedures for applicants from Afghanistan, Syria and Iraq varied at between 75 and 293 days across Poland, Sweden and Switzerland.⁶⁵

This has resulted in, for example, increased concerns around security, and also broader social tensions and public anxiety related to migration as a whole: in the aftermath of the current refugee crisis, 55% of Europeans in a Chatham House survey agreed that migration from mainly Muslim countries should be stopped. In general, Europeans report more negative views towards diversity than do Americans: only 10–36% of citizens in EU member states believe increasing the number of people of different races and ethnicities makes their country a better place to live (vs 58% in the US), according to Pew research.⁶⁶ By 2050, 7–14% of Europe's population is expected to be Muslim, which will make it more important than ever for Europe to address public opinion on diversity and immigration.⁶⁷

Migration isn't going away: in the future, there is likely to be an ongoing – or even higher – inflow of refugees and migrants due to geopolitical instability, growing inequality and climate change. The latter alone could displace up to 458 million people based on projections of sea-level rise with a global temperature increase of 2°C. Further, attempts to decrease migrant and refugee flows by using development aid to improve conditions in lower-income origin countries have yielded persistent failures: while the evidence so far suggests that it can potentially decrease forced migration flows in the long term, it may increase migration flows in the short and medium term.⁶⁹ Getting migration right is therefore imperative for the political cohesion and economic prosperity of the next generation of European citizens.

“

Europe is becoming more diverse. Diversity can lead to better understanding of differences and teach us more empathy. This can in turn lead to better inclusion of different types of minorities – not only immigrants. In the end, we might get a warmer society.

”

Youth Champions – Oslo Hub

Aspiration: Europe must evolve to have a migration strategy tied to its economic and political vision and built around humanitarian values and standards

We aspire to create a Europe that is inclusive and which harnesses the benefits of migration by building a comprehensive migration strategy tied to a future economic and political vision for Europe. Europe should aim to use migration as an engine for economic growth and create a secure, prosperous and diverse society that provides opportunity for everyone.

- **Attract the skilled migrants Europe needs.** We wish to see Europe draw the best and brightest talent in fields where it needs to fill a deficit of skilled labour to remain globally competitive.
- **Address conditions in source countries that spur forced migration.** We want Europe to lead global efforts to improve living conditions in the developing world, in line with the 2030 UN Sustainable Development Goals, addressing important factors in forced migration, such as violence, poverty and ill health.
- **Effectively manage inflows of refugees and asylum seekers.** We aim for Europe to manage its borders, speedily relocate refugees and asylum seekers reasonably across countries, honour its resettlement commitments and ensure repatriation processes are humane and efficient for people without a legal mandate to remain.
- **Integrate refugees and asylum seekers holistically.** We aspire for Europe to improve and quickly achieve the socioeconomic integration of refugees and asylum seekers to build the foundation for a strong society.
- **Improve social cohesion of European societies.** We hope to change the narrative around both voluntary and forced migration, to combat extremism, and build a society founded on the rule of law that is diverse, secure from violence and based on democratic principles and values of openness, equality and inclusivity.

Youth perspective

Europe needs to meet the challenges involved in living up to its values of diversity, inclusion and openness. Migrants can strengthen Europe, and often become the strongest supporters of European values – but popular concerns about migration and globalization must be overcome. Youth are not immune to those concerns: a World Economic Forum survey found respondents expressing only a marginal preference for Europe to do more to open its borders and promote global free trade, while 59% want Europe to do more to “encourage migrants to assimilate into local cultures and values” against 41% who prefer doing more to “allow migrants to retain their culture and values”⁷⁰.

Big ideas: Purposeful approach to migration to strengthen social cohesion and economic well-being

To fully achieve this aspiration, Europe will need to develop a holistic migration strategy that balances a range of economic, geopolitical and social priorities and incorporates both migration and refugee and asylum policies. This would include taking a “quantum leap” on forced migration by overhauling the Dublin regulation to create a common European asylum and migrant distribution framework for relocation. It would also mean improving repatriation mechanisms, resettlement processes and border management, and ensuring all migrants and asylum seekers have a viable path to citizenship. Europe would need to ensure new programmes are in line with existing international legal frameworks such as the 1951 Geneva Convention, 1967 Convention and Protocol Relating to the Status of Refugees, and the commitments of states reflected in the New York Declaration for Refugees and Migrants.

While these larger essential political projects develop, the group selected the following as its top-priority idea.

Common digital identity for refugees and asylum seekers

To fundamentally improve the management of the flow of refugees and asylum seekers, Europe will need an effective intra-EU distribution mechanism and border-management policy. As an initial step, however, Europe could register refugees and asylum seekers at their first point of entry and issue a common digital identity.

This could help prevent individuals being lost within the bureaucratic system and across the region because they have no consistent identification or registration. For example, the German government acknowledged that it did not know the whereabouts of 130,000 asylum seekers in 2016⁷¹. Children – who are vulnerable to trafficking and crime – could benefit particularly from a digital identity system; 10,000 refugee youth are estimated to have “gone missing” in Europe over two years as they moved to find family or opportunity⁷². The programme would aim to support the overall transparency of the asylum process and, thereby, the management of relocation, integration and repatriation.

To set up the identity management system, existing arrival and processing centres across Europe should consistently issue biometric cards to asylum seekers and refugees, and ensure that data is accessible across Europe. Ideally, these centres would then also be charged with educating asylum applicants about the new ID system, collecting relevant data from newcomers, and recommending destination countries based on host country needs and the specific skills of applicants. As an incentive, acquiring and using the digital ID could be made a formal precondition for handling the asylum process and accessing public benefits, where this is not already the case.

Incorporating biometric identification, the common digital identity would build on initiatives such as the World Bank's ID4D, the EU's EURODAC and the UN's ID2020. The digital identity would require a non-siloed data and analytics infrastructure, allowing different countries and agencies to access and cross-check relevant data, working with existing databases and initiatives such as the European Cloud Initiative. It would also need to address issues of data privacy, civil rights protection and trust through clearly defined access controls and governance practices in line with EU data protection laws.

The group identified five further ideas to generate momentum.

Pan-European demand-driven immigration system

Creating a pan-European demand-driven immigration system would improve Europe's ability to attract skilled labour to fill its skills gaps. Such a system would include high-skilled migrants and also focus on medium-skilled professionals such as healthcare workers and technicians – areas where shortages already exist and will become more pronounced in the future. The system would match the demands of enterprises, educational institutions and employers with the skills of those seeking to immigrate, and it could complement and enhance national-level immigration policy.

While pan-European in terms of its design of procedures and qualifications – to ensure that migrants reach the areas with the greatest need for their skills, and not just those countries where it is easiest to qualify – implementation would be driven by individual countries, with jobs identified at the local level in collaboration with employers. Europe could either set overall quotas or create a points-based system, similar to the Canadian model, to determine which applications for entry should be accepted based on qualifications. The system could also incorporate programmes to train people in countries of origin for jobs with skill shortages in Europe.

Digital platform for learning to facilitate integration

The crucial factors in integrating refugees and migrants include learning the local language and getting a job. To be successful, Europe needs to invest in the teaching and classroom capabilities to teach and train new arrivals. To complement this wider investment, as a first smaller step to reducing pressure on local education systems and other social agencies, Europe could more consistently and broadly offer modules for practicing local languages on digital platforms that would be used to support brick-and-mortar lessons.

Although many existing initiatives are underway to help asylum seekers learn local languages, there is scope to ensure best practices are more consistently shared and adopted, and to make sure more asylum seekers – including those who have not yet received a final processing decision – receive good-quality teaching. The platform should build on and popularize existing initiatives, including the many digital language tools already available to the public (e.g. Duolingo, Rosetta Stone, etc.), and existing European initiatives such as the Council of Europe's Language Support for Adult Refugees

programme and the Labour-INT platform, which encourages a multistakeholder approach across the public, private and social sectors. Initiatives that prove successful on a local or national scale could also be scaled up to reach more of Europe.

Making values and norms explicit

A vital but often forgotten component in government integration strategies is sociocultural integration to complement labour market integration. One small yet potentially concrete idea could be to include local customs and values modules on the same digital platform used for learning or have them on an app made freely available in local (and native) languages to all refugees and asylum applicants at the moment of entry to minimize social friction in local communities. This could help migrants and asylum seekers to better understand local laws and expectations, and could enable European countries to be more explicit about what it means to be part of European society.

In the longer term, Europe can also explore and build on best-practice examples that exist in countries such as in Norway, where since 2013 courses on social norms with a special focus on gender have been conducted at reception centres by a non-governmental organization⁷³.

Providing all migrants with a clear path towards citizenship will further enhance sociocultural integration. Newcomers with a viable path to stay in Europe permanently will have stronger incentives and capabilities to adhere to European values and norms.

Ambassadorial communication campaign

An effective communications campaign to improve discussions about migration could, paired with effective integration policies, be part of a broader effort to tackle xenophobia and increase social cohesion. Building on previous global and European public information campaigns on the positive effects of migration⁷⁴, Europe could create a panel of prominent "ambassadors" from all areas and walks of life to deliver the message.

The ambassadors would be selected to showcase all of the substantial contributions migrants, and refugees, have made to Europe in diverse fields, ranging from sports, food and health to start-ups and innovation. They could also highlight the struggles of the migrant experience to create an understanding of the challenges that have to be overcome for successful social cohesion in Europe, on both the native and non-native side. The ambassadors would proactively engage local communities in all-party or roundtable set-ups in order to create a genuine two-way discussion on the opportunities and challenges from migration.

Rethinking official development assistance (ODA)

The mixed evidence on the short- and medium-term efficacy of official development assistance (ODA) at stemming migrant flows points to a need to rethink Europe's approach.

A comprehensive redesign of Europe's development policy could include improving migrant remittances and treating them as a strategic tool of investment, and also supporting the brokering of fair, safe and regulated south-south labour migration agreements. These initiatives would, over time, give would-be migrants and refugees additional local or international options – other than risking a journey to Europe.

An additional path could be to give business more of a role in ODA, to strengthen its focus on providing better prospects for potential migrants in countries of origin. Greater involvement of business in ODA should focus on strengthening local entrepreneurship, developing investable projects and linking them to potential investors, and exploring instruments to improve investment conditions and reduce the risk for investors. However, to ensure that private-public partnerships promote democratic ownership, effectiveness and accountability, an appropriate regulatory framework needs to be built up.

Conclusion

“The migrant crisis in Europe demonstrated the need for new ideas and approaches in addressing future problems. At the core, Europe needs a holistic strategy for immigration that can provide a long-term framework while also recognizing the need for flexibility and agile governance of this long-term challenge. The strategy needs to be tied to the future vision for Europe and the concrete solutions should contribute to the development of inclusive societies that welcome and respect diversity, and will use migration to spur economic development and skills shortages. The solutions should also enable the protection of European countries' borders and the collaborative and synchronized management of migration flows.

Digitization and new technologies can contribute to migration management and the integration of migrants, both in the labour market and society. Digital e-learning platforms, and similar platforms that show labour-market needs and gaps, can complement offline efforts and facilitate job searching and adjusting to new social norms. Such digital platforms should also be available in migrants' countries of origin to facilitate the integration process. Creating a unique digital identity for all migrants when they first enter Europe would significantly improve the management of migration flows and the exchange of information among European countries.

The greatest challenge that Europe will face with regards to migration is respecting diversity and inclusiveness. Openness, equality and tolerance are the values upon which a modern Europe rests. However, during the current migrant crisis, Europe faced xenophobia, prejudice and chauvinism. That is why Europe needs a unique approach to solving the economic and social problems of the migrant crisis, as well as an educational and communication platform that will promote the benefits of migration and preserve fundamental European values.”

- Ana Brnabić, Prime Minister of Serbia, champion for the migration and borders theme

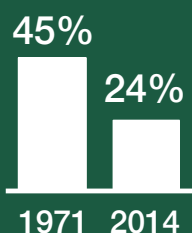
Energy and sustainability

Leading the implementation of the Paris Climate Agreement,
and developing a more sustainable economy

Related Trends

16

of the top 20 nations in the Energy Architecture Performance Index are European¹



portion of electricity from coal, peat and lignite in the EU-28 over time²

Aspiration Elements

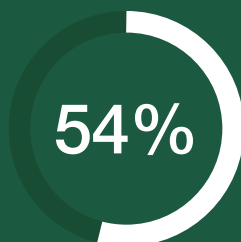
from the Europe Policy Group



Leading the development of a truly sustainable and fully integrated energy supply, including the phase-out of subsidies for high-emission energy



of European citizens say it is important for their government to support **energy efficiency** measures³



portion of demolition materials that are landfilled⁴



Changing energy and resource consumption, with e.g. a better use of new technologies, a stronger use of waste heat, and zero-emission standards for new buildings



additional disposable income for European households in 2030 under a circular economy scenario⁴



New technologies can support citizens in the energy transition, and draw on data for smart consumption

¹ World Economic Forum, "Global Energy Architecture Performance Index Report 2017".

² Enerdata, Global Energy Trends, 2017.

³ Special Eurobarometer on Climate Change, 2015.

⁴ McKinsey Center for Business and Environment and the Ellen MacArthur Foundation, "Growth Within: A Circular Economy Vision for Europe", June 2015.

Europe is developing the foundations for a world-leading green economy

Europe has positioned itself as a global leader in the transition to lower-carbon energy and the more sustainable use of resources. European leaders have committed to bold reductions in carbon emissions by 2050, and the region is certainly making progress: Europe's economies are less emissions-intensive, on average, than those of other developed regions. In proportion to GDP, for example, France and Italy produce half the emissions of the United States⁷⁵.

Despite these efforts, the European economy is still heavily dependent on fossil fuels – often imported, making Europe's energy supplies vulnerable to geopolitical uncertainty – and new investments in renewable energy have declined since 2011⁷⁶. Because it has higher energy prices than elsewhere⁷⁷, Europe could also use its resources more efficiently: for example, one-third of the food Europe produces is wasted, while 60% of European offices are not used even in working hours.⁷⁸ According to the Heat Roadmap Europe initiative, there is currently more waste heat from electricity production than would be needed to heat all of the buildings in Europe⁷⁹.

The needs and capabilities of European countries and communities – along with their energy strategies – vary substantially. The energy intensity of Europe's households and its transport, industry and service sectors likewise varies widely, with the worst-performing countries being up to five times as energy-intensive as the best⁸⁰. Such a lack of harmonization leads to uncoordinated investment in new technologies, and ineffective capacity-sharing across European countries⁸¹.

Nonetheless, new technologies are increasingly creating opportunities to drive the transition to cleaner energy and more careful resource use without sacrificing economic growth or the well-being of citizens. For example, a circular economy could yield annual benefits as high as €1.8 trillion by 2030, translating to a GDP boost of 7 percentage points (p.p.) in Europe as primary materials consumption and waste drops⁸². Low-carbon energy options, especially in the field of electricity, are becoming very competitive, with costs expected to fall further. Similarly, new digital technologies and smart grids will make it easier to match energy use to renewable energy production. The upfront investment required for new energy systems, and to electrify transport and industry so that they can use cleaner energy, can help create jobs and opportunities for business growth.

“

Blockchain, AI and other new technologies are a reality for my generation – they are not a ‘nice-to-have’, but part of a citizen-centric energy transition.

”

Simon Engelke – Youth Champion, Cambridge Hub

Aspiration: Building a green Europe

We aspire for Europe to power itself in a truly sustainable, affordable and secure manner, and for it to lead the way in implementing the Paris Climate Agreement. Europe should lead by example, championing the early adoption of new technologies, aiming for energy independence through greater energy efficiency and clean energy production, and serving its citizens in realizing the energy transition.

- **Accelerate the development of a truly sustainable integrated energy supply.** Europe must take a consistent and integrated approach to energy production by drawing on synergies between power, heat, water and transport. Subsidies need to serve the goal of a cleaner economy and there should be a level playing field for all clean energy producers, including consumers who are generating their own electricity and want to connect to the wider grid.
- **Change energy and resource consumption – with better use of data and technology.** Europe should work to equip all energy consumers – including individuals, businesses and municipalities – with the tools they need to use energy and resources more efficiently, manage their emissions, minimize waste and invest in more sustainable infrastructure.
- **Address citizen demands and tensions in managing the transition.** We acknowledge that the transition towards a lower-emissions Europe creates tensions that have to be addressed. Established sectors will need to transform themselves and major investments will need to be made in infrastructure and systems. The path towards the energy transition will be less bumpy if, at all stages, the lights stay on, people stay warm, power remains affordable, the economy keeps growing, and the future benefits of current sacrifices are made clear. This will require smart planning and regulation that takes full advantage of Europe's diversity and scale.

Youth perspective

European youth are serious about tackling climate change, and willing to make the necessary sacrifices. The Forum's survey of European youth found 64% of respondents, when asked to choose, preferred that Europe do more to “make energy as clean as possible” than “make energy as affordable as possible”. The same split would rather Europe “invest today in solving long-term sustainability issues” than “invest in solving today's most pressing issues”⁸³.

Big Ideas: An innovation-driven and citizen-centric transition towards a sustainable and green Europe

Europe has already committed to transforming its economy and energy system. The group discussed ideas including revamping carbon trading and pricing, creating a universal right to produce and sell renewable energy, efforts to boost transformative new technologies in the storage and use of hydrogen, and better integration of neighbouring countries into EU energy policies. The idea generating most excitement was as follows.

Free up access to energy data

The next 10–15 years will see a dramatic increase in the roll-out of sensors and devices that generate data about people's living habits in a wide range of contexts: from smart meters to AI-supported consumer devices to municipal networks of electric trams. With appropriate price signals in place, such technologies can be exploited to automatically minimize energy consumption when demand on the grid is highest or intermittent supply lowest, simultaneously saving consumers money and helping Europe to power itself using only clean energy sources.

However, this potential will be best realized with a change in data ownership principles, where consumer device data, including all information generated by connected devices and meters, is owned by the consumer and such ownership of the data cannot be contracted out of in favour of the data collector. The latter is obliged to release the data to anyone authorized by the data owner, opening up new opportunities to match energy supply and demand across the system.

The alternative, allowing data to be siloed, could result in reduced consumer choice, de facto monopolies, higher costs and lost opportunities to optimize supply and demand across the system. The same is true for a very restrictive regulatory approach. Important questions regarding privacy concerns associated with data, however, remain to be solved.

Three additional ideas were also chosen, as tangible ways to build momentum for the broader changes Europe needs to make.

Zero-emissions new buildings by 2030

Buildings represent 40% of energy consumption and 36% of CO₂ emissions in the EU⁸⁴. The life-cycle emissions of buildings – including those embedded in construction and demolition – could be reduced in many ways, from using less environmentally impactful materials to building in mechanisms for generating energy, using energy more smartly and recycling waste energy.

The major barriers to efficient buildings are often institutional and behavioural, as well as technical or financial. Europe will therefore need to review a broad set of policies, programmes and mechanisms to incentivize energy-saving construction and refurbishments. There is scope, for example, to clarify processes and standards and to improve access

to data about the long-term effects of different options. It is particularly important for Europe to address the issue of affordability, and a more consistent use of taxes, subsidies and policy frameworks to facilitate financing – such as Energy Performance Contracting – should be explored. Investment in new technologies – particularly building automation systems that automatically manage energy demand – can also help to enable the transition to more efficient and even positive-energy buildings that incorporate distributed electricity generation and can produce more energy than they consume.

Integrated energy systems: A Europe that powers and heats itself

According to the EU's Heat Roadmap, 30%–50% of the heat demand in Europe could be satisfied by increasing efficiency, and another important part of the demand by using excess heat that is produced by, for example, electricity generation, industry, and cooling systems in buildings such as supermarkets⁸⁵. Europe could incorporate this heat, which is currently rarely used, into an overall energy system that would include electricity, water, transport and heating. This is particularly important as electricity supply becomes more volatile. When wind and solar power are abundant – and greater than demand – electricity can be converted to heat or hydrogen, stored for the future or used in other ways. An integrated energy system will make this ongoing conversion and optimization possible.

Several companies are already working to integrate overall energy and heat production and consumption – with pilots underway in cities such as Copenhagen and Geneva – but more can be done to develop a complete overview of how all technologies could be optimally integrated, and what potential for reused heat there is in each European state. Developing such a Europe-wide system could eventually lead to a massive increase in resource efficiency and dramatically reduce Europe's dependence on oil and gas imports.

Speed up the phase-out of subsidies for high-emission energy

Despite Europe's commitment to the Paris climate goals, state subsidies and aid are still directed to high-emissions energy sources. Europe could resolve this contradiction in its energy and climate policies, accelerate decarbonization and improve air quality by phasing out state aid and other types of public financial support for the construction or operation of high-emitting power plants. These funds could then be redirected to support research, innovation and deployment of cleaner energy alternatives.

This has to be done in a way that maintains grid capacity and stability, and manages the impact on the economy, specifically on workers and regions that depend on high-emission sources: individual employees will need to be retrained and shifted to new careers. Coordinated EU action – as proposed by the “Clean Energy for all Europeans” package, the “Projects of Common Interest” (PCI) list and “Connecting Europe Facility” – is also essential in order to prevent market distortion, and to manage the social and economic impact of this change.

Conclusion

“Europe can be powered, heated and transported with affordable, net-zero carbon energy by 2050 if we energize our citizens to drive the change through the way they use, buy, generate and sell energy. If we want to embark on this journey, it requires the courage to disrupt – we will get there only if we digitize, decarbonize, decentralize and ultimately democratize our energy supply. We invite stronger political leadership⁸⁶ to accelerate this journey. We need visionary goals that drive innovation by changing expectations.”

- Ida Auken, Member of Parliament, Denmark, and Andy Wales, Visiting Fellow, Smith School for Enterprise and the Environment
- co-champions for the energy and sustainability theme

Conclusion

This report summarizes the values and aspirations of a group of youth from Europe, and it presents the perspectives of over 130 thought leaders from different stakeholder groups on five challenges for the European agenda in 2018.

The Europe Policy Group's aspirations call for a more inclusive, equitable, innovative and sustainable Europe that speaks to the next generation's values. The Youth Champions involved in this effort see openness and connectedness as core advantages of today's Europe that should be protected and expanded – not sacrificed for what they see as short-lived protectionism. Indeed, these 37 Youth Champions focus more heavily on connectivity, diversity and other hallmarks of modern Europe than on issues that would have been more poignant for Europe's original founding fathers: peace and understanding between European states.

This paper also provides examples of the policy group's concrete ideas on how to build a stronger Europe within each of the five themes, which reinforce many of the aspects of the future of Europe debate that is underway. As the policy group and Youth Champions worked to prioritize their ideas, they overwhelmingly focused on those that put citizens back into the focus, as the centre of change.

Further, a citizen-centric reform agenda can help Europe to exploit more effectively its unique diversity and scale. Europe has an abundance of skills, knowledge and practices, which can be shared across countries, enabling the region to handle challenges that no individual country can shoulder alone.

Indeed, the very process of bringing together over 170 of Europe's best minds from diverse backgrounds was an example of the citizen-led reform that Europe can undertake. By listening to a range of Europeans with a breadth of views and different resources, Europe can chart a powerful path forward.

The ideas presented in this report are not intended to be a comprehensive action plan, but are practical steps beyond the current political agenda that could help build momentum and inspire especially the younger generations to work together to achieve a stronger and more modern Europe. The multistakeholder discussion on ideas and their implementation will continue throughout 2018 and the New Leaders for Europe community will be central to this process.

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