



**Consultation of the European Commission
„Towards a new European Neighbourhood Policy”, 2015
Position of the Austrian Federal Economic Chamber (WKÖ)**

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The Austrian Federal Economic Chamber (WKÖ) is the legal representative of around 450.000 Austrian enterprises covering all industries, and it is a social partner on behalf of the employers and is registered with the number 10405322962-08 in the Transparency Register of the European Parliament and the European Commission.

In March 2015, the European Commission has launched a consultation on the European Neighbourhood Policy (ENP). Due to the very different developments in the EU- neighbouring countries and in light of the challenges involved also for the EU, the WKÖ supports a reform of this ENP.

This position paper summarizes not only WKÖ's position concerning the most important aspects of the ENP from our perspective but also the answers to specific questions posed by the EU Commission.

1. Should the ENP be maintained? Should a single framework continue to cover both East and South?

WKÖ considers that the ENP should be maintained as it provides a framework for the political and socioeconomic cooperation of the EU with its partner countries, including in terms of security policy. Through a closer cooperation in these fields the principles of democracy,

respect of human rights and fundamental freedoms and rule of law can be further supported in these countries. Furthermore, the ENP constitutes the necessary framework for the reciprocal trade in goods, services and investments and ensures legal certainty, predictability, calculability and coherence in the application of existing rules. The mentioned principles are indispensable conditions concerning business activity of EU companies in international trade with third countries.

This single framework should be complemented through specific framework conditions on the one hand for the Eastern neighbouring countries of the EU and on the other hand for the Southern neighbouring countries as there are significant differences in the political, legal, economic and social systems, infrastructure, mentality etc. In our view, these differences should be stronger reflected in the EU's approach in the future. In this respect, the European Commission Communications on the Eastern Partnership and on the Partnership with the Southern Mediterranean Region, which complement the ENP are already a first step in the right direction.

In addition, the single framework of the ENP could be used for a closer cooperation in international organisations, such as the World Trade Organisation (WTO), to negotiate together the worldwide opening of markets, the reduction of unjustified, non-tariff barriers to trade and the strengthening of existing trade rules.

2. Are the Association Agreements and DCFTAs the right objective for all or should more tailor-made alternatives be developed, to reflect differing interests and ambitions of some partners?

The conclusion of Deep and Comprehensive Free Trade Agreements (DCFTA) with the partners of the ENP should remain the ultimate objective of the European trade policy, because the international trade in goods, services and investments is obviously the driver for development, growth and employment also in the EU- neighbouring countries.

The existing contractual relationships of the EU with ENP-countries are outdated and their modernisation is urgently needed.

The EU has Euro-Mediterranean Agreements in place with most of the Southern countries (Egypt, Algeria, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia), which include provisions on liberalisation of trade in goods. However, they do not meet the requirements for Deep and Comprehensive Free Trade Agreements of modern times. Supplementary negotiations on intensifying trade in agricultural goods, services and investments as well as on the establishment of a dispute settlement procedure for trade quarrels have been conducted in the last years and partially came into force. Nevertheless, they do not include detailed provisions, for example concerning unjustified, non-tariff barriers to trade, sanitary and phytosanitary measures, the protection of intellectual property, common competition rules,

investment protection or sustainable development. Besides, as far as Syria and Libya are concerned, not even Euro-Mediterranean Agreements have come into force yet.

As regards Syria, there is a cooperation agreement, which has been partially suspended because of the political situation and also with Libya the ambitious negotiations for a framework agreement had to be suspended due to the political situation. With Eastern countries (Armenia, Azerbaijan, Georgia, Moldavia, Ukraine and Belarus) only partnership and cooperation agreements have been concluded, which came all into force, except the one with Belarus. These agreements only contain the obligation to accord to one another Most Favoured Nation (MFN) treatment, free transit of goods via or through their territory and also to grant each other on temporarily imported goods exemption from import tariffs and duties.

The first steps to the modernisation of these agreements have been made. Since September 2014 the Association Agreements of the EU with Moldavia and Georgia are successfully temporarily applied and from 1.1.2016 onwards also the DCFTA with Ukraine will be temporarily applied.

Moreover, the EU Commission obtained the mandate from the EU-Member States for the negotiations of DCFTAs with Egypt, Lebanon, Morocco and Tunisia and the negotiations with Morocco have already started in March 2013.

For companies, a predictable regulatory framework, legal security, exploitation of further market opportunities and the reduction of non-tariff barriers to trade has to be given high priority in the future. The DCFTAs of the EU, which are tailor-made for the individual countries, make an important contribution in this respect.

3. The energy sector is a field of common interest

This field needs to have top priority in the framework of the sectoral cooperation within the ENP further on. To ensure the lasting attractiveness of Europe as a business location, it is in particular the security of energy supply, which needs to be guaranteed. For this purpose a completed internal market for energy with improved interconnectivity is necessary. Cooperation in this sector is crucial both within the EU and with its neighbouring countries – particularly the member states of the Energy Community.

One of the highest priorities of the European Commission is the Energy Union, which constitutes a strategic and structural framework for the further improvement of the European energy policy. The corresponding package comprises elements, which are decisive for the future deepening of the ENP:

- EU-diplomacy in the field of energy- and climate policy

- New and strengthened dialogues on energy with those countries that are of importance for the EU energy policy
- Initiative for the strengthening of the Energy Community
- Reinforcement of the cooperation Europe-Mediterranean Region in the fields of gas, electricity, energy efficiency and renewable energy resources.

These measures are supported by WKÖ. They should not only guarantee long-term security of energy supply, but also realise considerable potentials in the field of energy efficiency and technological security of the energy sector through an active ENP. In this context it has to be taken into account that market economy approaches are further maintained and that future international agreements are designed in a transparent way. The Energy Union is an important framework instrument to address the priorities of the ENP and promote energy specific dialogues.