

Position Paper

UEAPME¹'s reply to the Public Consultation "Towards a new European Neighbourhood Policy"

UEAPME welcomes the initiative of the European Commission to launch a public consultation on the European Neighbourhood Policy (ENP) and supports its reform, as announced by the Commission.

This Position summarises UEAPME's opinion on the most important aspects of the ENP and answers to the specific questions posed by the EU Commission.

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

UEAPME believes that the ENP should be maintained as it provides a framework for the political and socioeconomic cooperation of the EU with its partners and neighbouring countries, including in terms of security policy. An ENP review is now needed to respond to the changed realities in the European surrounding.

Through a closer cooperation in the socio economic fields, the principles of democracy, respect of human rights and fundamental freedoms and the 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.

Given the significant differences between the Eastern neighbouring countries and the Southern ones in political, legal, economic, social and also cultural terms, specific differentiations and framework conditions should be previewed in the ENP while continuing to cover both areas. 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. Should the current geographical scope be maintained? Should the ENP allow for more flexible ways of working with the neighbours of the neighbours? How can the EU, through the ENP framework, support its neighbours in their interactions with their own neighbours? What could be done better to ensure greater coherence between the ENP and the EU's relations with Russia, with partners in Central Asia, or in Africa, especially in the Sahel and in the Horn of Africa, and with the Gulf countries?

Europe has gradually become surrounded by delicate political realities such as the situation in Ukraine and

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North Africa. Before widening the ENP, it is necessary to strengthen the current scope. In particular, it is necessary to improve the relations with Russia, which are of particular importance for those EU countries having a common border with it. Furthermore, the Russian Federation is the EU's biggest neighbour and its third largest trading partner, supplying oil and gas in large proportions.

3. How could a more comprehensive approach with more active involvement by Member States give the policy greater weight? Would stronger co-ownership of the policy be preferred by partners?

The Member States sharing borders, or traditional ties, with neighbouring non-EU countries have the best know how of the situation in those states. Therefore their cooperation in the ENP plays an important role. UEAPME considers it very important that the ENP partners intensify their efforts in the direction of consolidating democratic reforms and socio-economic development so as to fully capitalise on the tools provided by the ENP.

4. 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 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 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 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 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 enterprises, a predictable regulatory framework, legal security, new market opportunities and the reduction of non-tariff barriers to trade remain priorities for the future. The DCFTAs of the EU, which are tailor-made for the individual countries, make an important contribution in this respect.

5. Are the ENP Action Plans the right tool to deepen our partnerships? Are they too broad for some partners? Would the EU, would partners, benefit from a narrower focus and greater prioritisation?

The ENP Action plans are a good tool but a narrower focus and greater prioritisation would be necessary.

It is important to consider that the situation is very diverse according to the country. We have many different co-operation processes running simultaneously. Of the 16 ENP countries: 12 are currently already fully participating as partners in the ENP, having agreed on ENP action plans. These are: Armenia, Azerbaijan, Egypt, Georgia, Israel, Jordan, Lebanon, Moldova, Morocco, Palestine, Tunisia, Ukraine.

Algeria is currently negotiating an ENP action plan, while Belarus, Libya and Syria remain outside most of the structures of ENP. Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus instead participate to the EU eastern partnership.

When the EU is creating its relations with ENP countries also the Eurasian Economic Union, an economic union of states located primarily in northern Eurasia initiated by Russia, has to be taken in consideration. A treaty signed by Belarus, Kazakhstan and Russia, came into force on 1 January 2015. Armenia and Kyrgyzstan might join later.

- 6. Is this approach appropriate for all partners? Has it added value to the EU's relations with each of its partners? Can EU and/or partner interests be served by a lighter reporting mechanism? Should the reporting be modulated according to the level of engagement of the ENP partner concerned? How can we better communicate key elements?**

A lighter reporting mechanism is welcome but modulating the reporting according to the level of engagement of the ENP partner might complicate the system. In general, all unnecessary bureaucracy should be avoided.

- 7. Can partnerships be focused more explicitly on joint interests, in order to increase ownership on both sides? How should the ENP accommodate the differentiation that this would entail? Are new elements needed to support deeper cooperation in these or other fields?**

Partnerships within the business community would be beneficial. Focusing on sectorial policies and issues could also be a possible approach.

- 8. What further work is necessary in this area (Visa procedures), which is regarded as key by all ENP partners? How can the ENP further support the management of migration and help to draw the benefits of mobility?**

In general, it is important to limit bureaucratic elements that do not allow doing business between Member States and Neighbour countries.

- 9. How can the EU do more to support sustainable economic and social development in the ENP partner countries? How can we empower economically, politically and socially the younger generation? How to better promote sustainable employment? And how can these objectives be better linked to indispensable reforms in the fields of anti-corruption, judicial reform, governance and security, which are prerequisites for foreign direct investment?**

Creating conditions for a free-foreign-trade can help achieving an integrated development in the ENP countries. The sharing of EU best practices and experiences could also be helpful. Furthermore, the question of anti-corruption is highly important.

In order to facilitate trade, commercial relations and economic development, we have to put forward the establishment of ADR entities for commercial disputes in the ENP. This development will promote further understanding of conditions and the maintenance of channels for communication amongst the respective countries and traders.

10. How should the ENP address conflicts and crises in the neighborhood? Should CFSP and CSDP activities be better integrated in the ENP framework? Should it have a greater role in developing confidence-building measures and post-conflict actions as well as related state- and institution-building activities?

From a business prospective, creating a good environment for trade and developing cooperation help to build stability. Confidence-building measures, post-conflict actions, creative peace-building as well as related state- and institution-building activities are well seen. Furthermore, it is also important to reestablish a good image of the EU abroad.

11. Should the ENP be given a strengthened focus on working with partners on the prevention of radicalisation, the fight against terrorism and organised crime?

Yes. This is an important issue as in the EU there are many criminal groups working cross border.

12. Should security sector reform be given greater importance in the ENP?

The security sector requires great attention now as well as in the future.

13. Is the multilateral dimension able to deliver further added value? Are these formats fit for purpose? How can their effectiveness be strengthened? Can we more effectively use other, more flexible frameworks? Can we better cooperate with other regional actors (Council of Europe, OSCE, League of Arab States, Organisation of the Islamic Conference, African Union)?

Both bilateral and multilateral dimensions are needed and both must be strengthened. The cooperation with other regional actors has to be a part of a general strategy.

14. How should the ENP further develop engagement with civil society in its widest sense? Can more be done to network different parts of the partner populations?

Cooperation with civil society is very important and must be promoted. Specifically, a relationship with employers' organizations and SMEs representatives is very relevant and is good to promote social dialogue in those countries. For doing a good action and taking relevant decisions it is important to listen beforehand to the civil society and its problems.

15. What more can be done to promote links between business communities? With and between Social Partners (trade unions and employers' organisations) and to promote social dialogue? What can be done to promote links between scientific communities, universities, local authorities, women, youth, the media?

The cooperation can be promoted through more contacts between employers organisations. The critical issue is that often small business organisations do not have economical resources for international cooperation, therefore support is necessary.

16. How can the ENP do more to foster religious dialogue and respect for cultural diversity, and counter prejudice? Should increasing understanding of each other's cultures be a more specific goal of the ENP and how should this be pursued? How can the ENP help tackle discrimination against vulnerable groups?

The understanding of cultures is a basic element that must be promoted due to its benefits for business' and neighbouring relations. This is now a sensitive topic for the EU. Best practice models could be spread between countries.

17. Should the EU gradually explore new relationship formats to satisfy the aspirations and choices of those who do not consider the Association Agreements as the final stage of political association and economic integration?

New relationship formats should be created with new forms of innovative cooperation.

18. How should the EU take forward the tasking of the 2013 Eastern Partnership Summit in Vilnius of the long-term goal of a wider common area of economic prosperity based on WTO rules and sovereign choices throughout Europe and beyond?

The Summit agreed that achieving closer cooperation is essential to ensure stability and prosperity on the European continent. The resolution of conflicts, building trust and good neighbor relations are essential to economic and social development and cooperation in the region. All EU Institutions and agencies need to continue to have working groups and delegations working specifically on relations with the EU Neighborhood Partner Countries.

19. Is there scope within the ENP for some kind of variable geometry, with different kinds of relationships for those partners that choose different levels of engagement?

Yes, especially considering that the ENP countries are very different and flexibility is needed.

20. Do you agree with the proposed areas of focus? If not, what alternative or additional priorities would you propose?

Yes, UEAPME agrees with the proposed areas of focus.

Furthermore, a field of common interest is indisputably the energy sector. 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 currently in office 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 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.

21. Which priorities do partners see in terms of their relations with the EU? Which sector or policy areas would they like to develop further? Which areas are less interesting for partners?

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22. Does the ENP currently have the right tools to address the priorities on which you consider it should focus? How could sectoral dialogues contribute?

Yes, however we need more political determination and cooperation with civil society. Also, it is important to intensify sectoral dialogue.

23. If not, what new tools could be helpful to deepen cooperation in these sectors?

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24. How can the EU better support a focus on a limited number of key sectors, for partners that prefer this?

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25. How to streamline Action Plans to adapt them better to individual country needs and priorities?

Taking more into account the opinion of civil society and actively involving SME-employers' associations and trade unions.

26. Is annual reporting needed for countries which do not choose to pursue closer political and economic integration?

Yes, since all information is positive and might be useful in the future.

27. How should the EU structure relations with countries that do not currently have Action Plans?

The EU need to create an atmosphere of confidence and good relations.

28. How can the EU adapt the 'more for more' principle to a context in which certain partners do not choose closer integration, in order to create incentives for the respect of fundamental values and further key reforms?

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29. How to assess progress against jointly agreed reform targets when a partner country experiences significant external pressure, for instance armed conflict or refugee flows?

A general answer is not possible as the concrete situations have to be assessed on a case by case base to eventually allow more flexibility.

30. How can the EU engage more effectively and respond more flexibly to developments in partner countries affected by conflict situations?

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31. What tools would the EU need to respond more effectively to fast-changing developments in its neighborhood?

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32. Are the choice of sectors and mechanisms for delivery of EU financial support appropriate? How could its impact and visibility be enhanced?

European institutions should take more into account the private sector and business' associations to decide this.

33. What do partners seek in the ENP? How can it best accommodate their interests and aspirations?

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34. Can ways of working be developed that are seen as more respectful by partners and demonstrate a partnership of equals? How should this impact on annual reporting?

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35. Can the structures of the ENP be made more cooperative, to underline the partners' own choices and to enable all civil society actors across partner countries to take part?

Yes, taking into account social partners would be a very useful measure and an inclusive policy.

36. Can the ENP deliver benefits within a shorter timeframe, in order that the value of the policy can be more easily grasped by the public? What would this require from the EU? And from the partner country?

In the shorter term it is unlikely as much more commitment would be required. This is not always the case with the partner countries and in addition there are exogenous factors (e.g. conflicts) that can delay developments.

37. How can the EU financial support be recast in an investment rather than donor dynamic, in which the partner country's active role is clearer?

It could be considered to involve the private sector.

38. How can EU Member States be involved more effectively in the design and implementation of the policy, including as concerns foreign policy and security related activities? How can the activities in EU Member States be better coordinated with the ENP?

By having consultations at national level as well as monitoring and coordination mechanisms again at national level.

Brussels, 30th June 2015

For further information on this position paper, please contact:

Chiara Aprea
Advisor
c.aprea@ueapme.com