What is the European Neighbourhood Policy (ENP)?

The ENP's objective is to share the benefits of the EU's 2004 enlargement with neighbouring countries in strengthening stability, security and well-being for all concerned. It is designed to prevent the emergence of new dividing lines between the enlarged EU and its neighbours and to offer them the chance to participate in various EU activities, through greater political, security, economic and cultural co-operation. ENP will also help address one of the strategic objectives the European Union set in the European Security Strategy in December 2003, that of building security in our neighbourhood.

The ENP is distinct from the issue of potential membership. It offers a privileged relationship with neighbours, which will build on mutual commitment to common values principally within the fields of the rule of law, good governance, the respect for human rights, including minority rights, the promotion of good neighbourly relations, and the principles of market economy and sustainable development. The level of ambition of the EU's relationships with its neighbours will take into account the extent to which these values are effectively shared.

The policy, which was first outlined by the Commission in its Communication on Wider Europe of March 2003, demonstrates the high priority that the Union accords to shaping our future relations with our neighbours. Substantially increased financial assistance and a single, dedicated European Neighbourhood and Partnership Instrument will support the implementation of this policy. This instrument will also improve the Union's capacity to support cross-border cooperation at our external borders.

The Commission presented a Strategy Paper and Country Reports on 12th May 2004. The Strategy paper is an important step in setting out in concrete terms how the Union can work more closely with its neighbours and extend some of the benefits of enlargement. It offers a means for an enhanced and more focussed policy approach of the EU towards its neighbourhood, bringing together the principal instruments at the disposal of the Union and its Member States. It will thus contribute to further advancing and supporting the EU's foreign policy objectives.

On the basis of the Strategy Paper, the Commission on 9 December 2004 presented a first set of draft Action Plans with partner countries. These Action Plans are key political documents for the further development of our relations. The method applied in the Action Plans is, together with partner countries, to define a set of priorities, whose fulfilment will bring them closer to the European Union. These priorities cover a number of key areas for specific action: political dialogue and reform; trade and measures preparing partners for gradually obtaining a stake in the EU's Internal Market; justice and home affairs; energy, transport, information society, environment and research and innovation; and social policy and people-to-people contacts. Action Plans with further partner countries, as well as Country Reports, will follow.

Europe's Neighbours – Towards Closer Integration

Dr. Benita Ferrero-Waldner
Commissioner for External Relations and European Neighbourhood Policy
Brussels Economic Forum
Brussels, 22 April 2005

Let me first thank the Brussels Economic Forum for organising this event. It is an important contribution to some of the most crucial debates facing Europe today.

One of those is how the European Union can respond to new international challenges and opportunities, and contribute to building a safer, more prosperous world. Around the globe we seek to open-up trade links, support economic reform, build more effective and more democratic institutions of government; and foster more active civil societies. But naturally, we pay particular attention to our immediate surroundings.

Our neighbours are not just citizens of "third countries", they are our close partners and friends. We share practical interests, ideals, and aspirations, and we face common challenges to our security. Our first priority is thus to share the enlarged EU's peace, stability and prosperity with our neighbours. So last year, through the European Neighbourhood Policy, we offered this "ring of friends" a new, special relationship.

The idea is not to replace our existing relationships, but to give them an added dimension. The European Neighbourhood Policy will bring into sharper focus the established Partnership and Cooperation Agreements (PCAs) and Association Agreements (AAs). The Barcelona Process will continue to provide an essential regional forum.

The European Neighbourhood Policy is an opportunity for us, and our partners, to share the benefits which we have derived from half a century of peaceful integration. In return for concrete steps being taken towards economic reform, and our shared values - good governance, human rights, democracy, and the rule of law, it offers our partners deeper political and economic integration with the EU.

By deeper political integration we mean more frequent and higher level political dialogue - better reflecting the importance of our relations - and assisting our partners to further strengthen the institutions protecting democracy and the rule of law. But we also want to cooperate more closely in promoting our common foreign policy priorities, like making multilateral institutions more effective, and in addressing our common security threats, like the fight against terrorism and the proliferation of weapons of mass destruction.

In the economic field, the focus of this afternoon's discussions, the objectives of ENP are ambitious: enhanced preferential trade relations, increased financial and technical assistance, gradual participation in a number of EU policies and programmes and, the most novel and far-reaching feature of the ENP, a "stake" in the EU's internal market. This means gradual participation in our internal market through approximating legislation and gradual integration of transport, energy and telecommunication networks.

Of course, this will require our partners to implement far-reaching reforms, and that will not be easy. But the benefits will be considerable - structural reforms will lead to increased growth rates; a better macroeconomic environment and trade liberalisation to increased foreign direct investment; and public administration reform to increased institutional capacity. In sum, increased efficiency and welfare gains for all citizens.

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How will we do this? First, by agreeing with our partners on realistic, achievable and measurable reforms, and second, by supporting our partners in implementing them.

1) The first part, agreeing reforms, is guided by ENP Action Plans. These are jointly-drawn up political documents committing both sides to respect common values and norms of international conduct and undertake political and economic reforms. This combination will allow us to develop a closer relationship. Though they follow a general pattern, each ENP Action Plan is tailor-made for the partner country, focusing on a limited number of key priorities.

We have already agreed ENP Action Plans with seven partner countries - Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine. We are now beginning the implementation and monitoring phase for these countries. For another five - Armenia, Azerbaijan, Egypt, Georgia and Lebanon - we are hoping to agree Action Plans by the end of this year. Although all are tailor-made, they cover the same broad areas: political and economic reform; cooperation in the field of justice, liberty and security; infrastructure networks; and people-to-people contacts.

In the economic sphere, we want progress on issues like:

- poverty reduction and sustainable development;
- promoting trade relations and developing regional trade links;
- streamlining customs procedures;
- converging technical regulations, standards, and conformity assessment procedures;
- and dealing with issues like state aid, intellectual property rights and public procurement.

These and other measures will improve the trade and investment environment and stimulate small businesses and entrepreneurs.

How far we get will depend on our partners' political will and capacity, as well as our own capacity to deliver.

2) The second part - supporting reform, will draw on both our own experience of reform and integration, and on the Commission's financial and technical assistance programmes. At present, the ENP countries benefit from TACIS and MEDA programmes, together with various other forms of EC assistance. From 2007, as part of a general reform of our external assistance, these programmes will be replaced by a single new instrument - the European Neighbourhood and Partnership Instrument (ENPI). We will tailor our assistance to meet priority needs and support the implementation of the ENP Action Plans with improved and streamlined procedures. We will use tried and tested methodology such as twinning and support for institution and capacity-building. And I am pleased to say we are preparing the ground for TAIEX assistance to become available. We will also pay particular attention to cross-border cooperation - for the first time, cross-border cooperation at the EU's external borders will be possible through a single instrument and a single set of rules - a substantial step forward.

This ambitious policy needs adequate financial means. So we proposed a substantial increase in funding for the ENP region to nearly €15 billion for the period 2007-2013, nearly doubling the amount available for 2000-2006. Even before the ENPI comes into effect in 2007, we have enhanced the assistance provided under TACIS and MEDA e.g. by strengthening cross-border aspects.

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Ladies and Gentlemen,

We should be proud of our achievements - in the two short years since this policy was first conceived, and less than a year since our Strategy Paper spelled out the details, ENP has taken concrete shape. But we should also be aware that the future challenges are even greater.

So our discussion this afternoon is pertinent, and I am very glad that we have with us high-ranking representatives of three of our partner countries:

From Ukraine, whose Action Plan was adopted on 21 February at a moment of exciting change in the country, we have Vice Prime Minister Rybachuk.

From Georgia, which had its own "Rose Revolution" last year and with which we hope to shortly begin work on an Action Plan, we have State Minister Tamar Beruchashvili, responsible for European Integration.

And from Morocco, whose Action Plan was also adopted by the EU on 21 February and where we look forward to working in support of the government's reform programmes, we welcome Abdeitif Loudyi, Secretary General of the Ministry of Finance and Privatisation.

I am looking forward to hearing their thoughts, but first, I would like to introduce Klaus Regling, Director General of the Commission's Directorate General for Economic and Financial Affairs. He will set the scene for what I am sure will be a fascinating discussion.

COUNCIL OF
THE EUROPEAN UNION

EN

COUNCIL CONCLUSIONS ON EUROPEAN NEIGHBOURHOOD POLICY

(Extract from the press release of the 2656th session of the EXTERNAL RELATIONS Council meeting - Luxembourg, 25 April 2005)

The Council recalls its conclusions of 14 June 2004 on European Neighbourhood Policy (ENP) and reaffirms the special role of this policy for the European Union's external relations, offering the possibility of increased political, security, economic and cultural cooperation between the European Union and its neighbours. The Council confirms its desire for the European Union's commitment in the Mediterranean, Eastern European and South Caucasus regions to be carried forward.

The Council reaffirms the importance that the European Union attaches to Armenia, Azerbaijan, Egypt, Georgia and Lebanon as neighbours and partners. The EU hopes that these five countries will maintain close links with the Union, on the basis of common values of democracy, the rule of law, good governance, respect for human rights, including the freedom of the media, and common interests, as defined in the framework of the ENP.

The Council welcomed the Commission communication of 2 March on European Neighbourhood Policy, as well as the national reports for the five countries, drawn up in close cooperation with the SG/HR. It endorsed the main thrust of these documents and thought they would form an excellent basis for further development of the ENP.

The national reports give a clear and accurate account of the progress made by each country, but also of the challenges to be taken up by each of them both in political and in economic and social terms. These reports, pointing out the priorities for action which the Union would like to pursue with those five countries, form the basis on which the European Union should be able to enter into joint preparations for the ENP action plans.

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The Council notes that the Commission has already begun discussions to prepare an action plan jointly with Egypt and Lebanon. The timetable for consultations with Lebanon will be determined by the development of the internal political situation in that country. The Commission is invited as of now to initiate joint discussions to prepare an action plan for each of the three South Caucasus countries. The Commission will contact the partner countries concerned, in close cooperation, for questions connected with political cooperation and the CFSP, with the Presidency and the Secretary-General/High Representative and, where appropriate, with the Special Representative for the South Caucasus for the countries for which he is responsible.

The Council notes that Member States will be kept fully informed of the progress of those consultations. The Council notes the Commission's intention to finalise the ENP action plans as far as possible by the end of this year. The Association or Cooperation Councils concerned will be invited to approve the action plans after their adoption by the Council. The action plans should run for a minimum period of three years and be renewable by common agreement. Their implementation will be monitored in the framework of the institutions provided for in the relevant Association or Cooperation Agreements. The Council reiterates that the structures laid down for the Agreements in question should, if necessary, be re-examined so that all the priorities set out in the framework of the ENP are duly taken into account.

The Council believes the action plans will prove to be useful tools by means of which the European Union will be able to strengthen its relations with the countries in question and actively encourage the necessary rapprochements.

The Council stresses that the ENP action plans to be negotiated with each of the partners will be on a level of intensity and ambition reflecting the real extent to which common values are shared, the state of relations with each country, its needs and capabilities, and common interests. The Council also notes that possible difficulties which could arise in the joint preparation of an action plan with a partner should not impede the adoption of action plans with the others.

With regard to the South Caucasus countries, particular attention will be paid to encouraging regional cooperation and progress in conflict resolution. On this point, the Council welcomes the determination expressed by Armenia, Azerbaijan and Georgia to use the action plans as essential instruments for strengthening regional cooperation.

The Council notes with satisfaction the recent ratification of the Association Agreement by the Algerian Parliament and notes the Commission's intention to draw up a national report on Algeria.

The ENP, including the action plans which will start being negotiated with the five neighbouring countries, is tangible proof of the EU's desire to continue strengthening its commitment in the regions of Eastern Europe, South Caucasus and the Mediterranean and to help the countries of those regions to attain a significant degree of economic integration and enhance their political cooperation. The Council wants the action plans to become a solid platform enabling progress to be made on that path, in the interest of the parties and in accordance with common strategic priorities.
