COMMUNICATION FROM THE COMMISSION

A Strong European Neighbourhood Policy
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1. INTRODUCTION

The European Neighbourhood Policy (ENP) is substantially deepening the EU’s relations with its neighbours, and has become the established vehicle for cooperation with these countries across a wide policy spectrum. The premise of the ENP is that the EU has a vital interest in seeing greater economic development, stability and better governance in its neighbourhood. Spreading peace and prosperity across the borders of the EU prevents artificial divisions and creates benefits for the ENP partners and the EU alike. The ENP is a partnership for reform that offers “more for more”: the more deeply a partner engages with the Union, the more fully the Union can respond, politically, economically and through financial and technical cooperation. As the partnerships develop, within the common ENP framework, the policy’s operation is becoming increasingly differentiated.

After the first years of experience with the ENP, the Commission concluded in December 2006 that the policy had achieved good early results, but proposed further action to make it fully effective. This will require political leadership, a partnership approach and a number of sensitive issues to be tackled. Ultimately, what is at stake is the EU’s ability to develop an external policy complementary to enlargement that is effective in promoting transformation and reform. In response to this Communication, following Council deliberations to which the Commission contributed through informal papers, the German EU Presidency produced a report that was broadly endorsed by the European Council. The Commission also organised an ENP Conference in September 2007 which brought together Ministers and civil society representatives from the EU and its partner countries for the first time. On 15 November the European Parliament adopted a report on the 2006 Communication.

Since the last Communication, progress has been made. For example, allocations have been made under the Governance Facility. The Neighbourhood Investment Facility is being established. A regional dimension for the East, the "Black Sea Synergy" has been launched. Progress has been made towards opening up EC programmes and agencies to ENP partners. However, a great deal remains to be done. In most ENP partner countries the need for political, social and economic reform is huge.

The focus in the coming period must be on implementation of existing commitments, both by partner countries, and by the EU. Efforts are required on both sides. The priorities for action will be set out in two communications, which address on one hand the responsibilities of the

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1 The ENP covers Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Republic of Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine but not the EEA, the candidate and potential candidate countries or Russia
3 http://ec.europa.eu/world/enp/strengthening_en.htm
5 P6_TA(2007)0538
The present Communication concentrates on the actions needed and foreseen by the EU in 2008. It focuses on activities that will be necessary by the Member States and by the Commission to make a reality of the proposals discussed in the course of 2007. A separate Communication, accompanied by country-specific progress reports, in spring 2008, will analyse where further action is needed by ENP partner countries.

2. CONCEPTUAL ISSUES

2.1. Differentiation

The ENP includes very different countries in a single policy. The EU offer of deeper relations is the same for all partners. However, the country-specific approach within the ENP provides for flexibility and differentiation, and there are as many possible responses as there are partner countries, according to each partner’s political situation, its level of ambition with regard to the EU, its reform agenda and achievements, and its level of socio-economic development. The enhanced agreement currently being negotiated with Ukraine⁶, the ongoing discussions with Morocco on an “advanced status” and with Israel on an upgrading of relations demonstrate this differentiation. The further the policy evolves, the more pronounced this differentiation will become.

Nonetheless, the common ENP framework facilitates an objective and coherent EU approach to these diverse partners and ensures that the whole of the EU is fully committed to deeper relations with all our neighbours.

2.2. Ownership

To attain its ambitious objectives, joint ownership of the ENP is essential and must be further promoted. This will develop as differentiation increases, and as bilateral policy dialogue deepens across a wide range of areas. It is important that both the ENP partner country and the EU can hold each other accountable for living up to their mutual commitments.

The ENP conference in September 2007 underlined the EU’s commitment to working with partner countries who co-determine their path in the ENP. A follow-up conference will take place in 2008 and Georgia has offered to host it.

2.3. Regional processes

The ENP is primarily bilateral but interlinks with regional and sub-regional processes. The Euro-Mediterranean Partnership remains a cornerstone for the EU’s interaction with its southern neighbours. The ENP and the Euro-Mediterranean Partnership are mutually reinforcing: the bilateral frameworks of the ENP are better suited to promoting internal reforms, while the Euro-Mediterranean cooperation framework provides the regional context.

The Commission supports new initiatives to strengthen relations with countries of the Mediterranean region, provided they build on existing processes. Such initiatives could

include, among others, action in the fields of the environment, intercultural dialogue, economic growth and security. In this respect, the Commission notes France’s invitation to a meeting in June 2008, to give new impetus to relations with the countries of that region.

In response to calls for the establishment of a regional cooperation framework in the East, the Black Sea Synergy has been launched to complement the EU’s mainly bilateral policies in the region: the ENP, the Strategic Partnership with the Russian Federation and the accession negotiations with Turkey. A Black Sea Synergy Ministerial meeting will be held in February 2008 in Kyiv with the participation of the EU.

Similarly, possible synergies will be explored with the EU Strategy for Central Asia and the Joint EU-Africa Strategy.

3. **SUBSTANTIVE ISSUES – KEY IMPROVEMENTS PROPOSED**

3.1. **Measures towards further economic integration**

Tailor-made deep and comprehensive free trade agreements (DFTAs), including measures to reduce non-tariff barriers through regulatory convergence, are the keys to increased economic integration with ENP partners. A DFTA should cover substantially all trade in goods and services between the EC and the ENP partner as well as strong legally-binding provisions on the implementation of trade and economic regulatory issues.

Important steps have already been taken, but determined efforts will be required from all parties to take this agenda forward. The Union will continue to give active support to the neighbours in their regulatory convergence with financial and technical assistance, but additional incentives are needed.

In 2007 the negotiation of an enhanced agreement with Ukraine was launched, and this will be extended to free-trade issues once Ukraine has joined the WTO. The Commission proposed a draft regulation introducing autonomous trade preferences for the Republic of Moldova. Feasibility studies exploring the possibility of free trade agreements with Georgia and Armenia will be concluded in the coming year. Negotiations on the liberalisation of services and the right of establishment as well as on trade in agricultural products continued with Mediterranean ENP partners. Work at Senior Officials level will be launched in 2008 to draw up a road map of next steps in the trade field to 2010 and beyond with the Mediterranean partners in order to upgrade the existing agreements. Preparatory work to facilitate trade in industrial products through the conclusion of Agreements on Conformity Assessment and Acceptance of Industrial Products also progressed.

Further proportionate efforts are required from all parties to conclude negotiations successfully. The EU side needs to show increased political commitment to foster economic integration and to improve market access. The support of Member States for the Commission’s effort to expeditiously conclude the on-going agricultural and fisheries negotiations, taking into account the different levels of development between partners, will be crucial, in particular by limiting the number of products excluded from full liberalisation. This should be part of a concerted effort by all sides towards the objective of gradually extending the deep and comprehensive agreements to our partners as a priority in the coming years. Negotiations should be considered after careful assessment and their pace tailored according to the capacity of the countries concerned and the expected outcome. At the same time, the Commission will continue to support improvements and further convergence in areas such as
technical regulations, sanitary and phyto-sanitary issues, customs and taxation as well as economic integration between the ENP partner countries themselves. It will encourage cooperation with institutions such as the European Patent Office. Business to business dialogues will be supported, and the Commission will promote improvement of the business and investment climate in the neighbourhood. Among other things, the latter requires attention to governance and sustainability issues.

3.2. Mobility

The ability of people to move and interact with each other is of the utmost importance for many aspects of the ENP, from trade and investment to cultural exchanges. Mobility is in itself a key foreign policy priority as this is the prism through which the citizens of partner countries perceive the EU.

The Commission proposes facilitation of legitimate short-term travel as well as more ambitious – longer-term – developments in the area of managed migration, potentially involving the opening of Member States’ labour markets where this is to the mutual advantage of the sending and receiving countries.

Obviously, mobility can only develop in a secure environment, and security improvements will help to create the conditions for greater mobility. The promotion of mobility will go hand in hand with the commitment of our partners to increase security and justice and fight illegal migration, with efforts to strengthen our neighbours’ capacity to deal with migratory flows to their countries, and with the security of documents.

The Commission urges the Council and the European Parliament to adopt its 2006 “package” on legislative proposals aiming at revising the European Visa policy, ensuring a high level of security within the common area and simplifying the procedures for visa applicants. These proposals will facilitate short-term travel by helping to solve the outstanding problems in the delivery of Schengen visas. It will in particular provide an easier proof that a traveller is bona fide, improve access of visa applicants to consulates, and ensure better consular presence and regional coverage, including the establishment of Common Application Centres where needed.

Existing opportunities to facilitate travel are not being fully used. The Local Border Traffic Regulation allows Member States to conclude bilateral agreements with neighbouring third countries to improve people-to-people contacts in border areas and this should be used to full advantage. Better use by Member States of the flexibilities provided for under the present Schengen acquis could contribute to smoother arrangements.

The implementation of the 2003 Council Conclusions on flexibility in issuing visas to participants in Euro-Mediterranean meetings should be extended to include all ENP partner countries. This extension would mainly concern Armenia, Azerbaijan and Georgia, as visa facilitation agreements for Ukraine and the Republic of Moldova are about to enter into force. Member States are requested to fast-track the processing of visa applications made by persons attending ENP events and, where the applicant has previously complied with visa requirements, to grant multi-entry visas more systematically. The Commission will play a more active role, by providing letters of support and encouraging applicants to start the procedure in due time.

7 5784/07 VISA 32 MED 3 COMIX 101 of 31 January 2007
Following its Communication on *Circular Migration and Mobility Partnerships*\(^8\) the Commission has proposed that a limited number of pilot mobility partnerships could be negotiated with selected third countries, in particular ENP countries. Partnerships will require pilot countries to commit themselves to cooperating actively with the EU on the management of migration flows while offering improved opportunities for legal migration, help in developing the capacity to manage intra-regional migration flows, measures to promote circular or return migration and improvements in the procedures for issuing short-stay visas. Support measures need to be developed to modernise ENP labour market policies.

A coherent mobility policy must address external and internal policy goals: fostering contacts and exchanges, projecting EU values and approaches, promoting economic development, security, responding to gaps in national labour markets. Since these internal and external dimensions tend to fall under the responsibility of different parts of the Member States’ and EU administrations it will be important to ensure coherence and consistency in their approaches.

### 3.3. Regional conflicts and political dialogue

The number of (frozen) conflicts in the neighbourhood remains high: Transnistria, Abkhazia, South Ossetia, Nagorno-Karabakh, the Middle East and Western Sahara. The EU has a direct interest in working with partners to promote their resolution, because they undermine EU efforts to promote political reform and economic development in the neighbourhood and because they could affect the EU’s own security, through regional escalation, unmanageable migratory flows, disruption of energy supply and trade routes, or the creation of breeding grounds for terrorist and criminal activity of all kinds.

The EU is already active in preventing and resolving conflicts but more should be done. A number of CFSP and ESDP measures have been launched. EU Special Representatives have been appointed and police, border control and border assistance missions are developing their activities.

These actions need to be planned and coordinated with longer-term EC policies which address the overall institutional and governance context and thus favour stabilisation. The deployment of all available tools, whether first, second or third pillar, would increase EU influence and avoid the limitations of short-term crisis management. The EU can make an important contribution by working around the conflict issues, promoting similar reforms on both sides of the boundary lines, to foster convergence between political, economic and legal systems, enabling greater social inclusion and contributing to confidence building. The example of the EU Border Assistance Mission to Ukraine and the Republic of Moldova integrating EC and CFSP instruments in one approach shows how this can work. In other cases, depending on the nature of the conflict, increasing the capacities of ministries dealing with refugees, promoting the integration of minorities through language instruction, supporting post-conflict infrastructure rehabilitation, including cultural heritage, or implementing local income generation projects can constitute appropriate confidence-building measures.

The EU’s institutional involvement in conflict settlement mechanisms varies widely. It is a full participant in the Quartet (Middle East Peace Process) and participates as an observer in the 5+2 talks (Transnistria), while the Commission is an observer in the Joint Control Commission (South Ossetia). Only individual Member States participate in the Minsk Group

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(Nagorno-Karabakh) and the UN Friends of Georgia (Abkhazia). Given the EU’s history of peace and stability through regional integration, the EU has added value to bring to the efforts of individual Member States and must be prepared to assume a greater role in the resolution of conflicts in the neighbourhood.

Conflicts should always be a key focus of political dialogue with ENP partners. The EU should also ensure that the conflicts remain on the agenda of dialogues with relevant international organisations and third countries.

The Commission stands ready to develop, together with the Council, further proposals in the field of conflict resolution, using both Community and non-Community instruments.

The Commission will also do all it can to ensure that the potential offered by political dialogue is fully exploited for other issues, such as terrorism, drugs, migratory flows, civil protection, and especially governance.

It will continue to promote stability notably through the sustained promotion of democracy, human rights and the rule of law throughout the neighbourhood.

3.4. Sectoral reform and modernisation

Sectoral policy dialogue, underpinned by assistance, will continue to support reform in ENP partner countries during 2008.

Energy security and safety are fields of growing interdependence in the neighbourhood. By adopting an energy package in March, the European Council set the stage for a common external energy policy. The ENP brings together producer, consumer and transit countries, which have much to gain from closer cooperation and integration. The Commission will focus its efforts on implementing the Energy Memoranda of Understanding with Azerbaijan and Ukraine and the Joint Declarations with Morocco and Jordan, and work towards similar agreements with Algeria and Egypt. The Commission will also seek to negotiate binding provisions on trade in energy goods, services and investments.

A feasibility study will be undertaken to examine the potential benefits of putting in place a common legal framework for the neighbourhood in the field of energy.

In 2008, the “Baku Process” (Black Sea/Caspian/Central Asia) Energy Ministerial meeting will further promote cooperation on energy security and market integration in the east. The EU commitment to develop the Nabucco pipeline, including the recent appointment of a coordinator, gives a strong impetus to the EU’s efforts to develop networks of key interest. The Republic of Moldova’s and Ukraine’s accession to the Energy Community is in preparation. Georgia has submitted an application for observer status.

In the south, work continues to develop an integrated Euro-Mediterranean energy market. The Commission will work with the Maghreb countries to promote regional integration of their electricity markets, and with the Mashreq region to enhance security and infrastructures in the gas sector. The Commission will build on the results of the EuroMed Energy Forum and the recent Sharm-el-Sheik EU-Africa-Middle East energy conference, particularly on development of the Arab Gas Pipeline, and exchange of know-how on clean technologies.
The Commission will work with neighbourhood partners to improve energy efficiency, to examine the scope for developing a green energy market and to expand partners’ capacity to produce solar, wind and sustainable biomass energy sources.

The Commission will deepen its climate change dialogue, including in relation to adaptation, on the post-2012 climate change regime. The Commission will also provide technical assistance to build capacity on climate change policies. The Commission will promote the Kyoto mechanisms, which have significant potential to attract foreign direct investment and to foster development of cleaner technologies. Experiences with the EU Emission Trading Scheme will be shared. The Commission will step up support for efforts to achieve a cleaner environment in the neighbourhood. Under the umbrella of the Black Sea Synergy, the Danube Black Sea Task Force will further intensify its work on water issues and explore extension to other areas, such as waste management. EC accession to the Convention on the Protection of the Black Sea against Pollution will be pursued, and the Commission's engagement in the Environment for Europe process will emphasise implementation of the UNECE conventions. In the Mediterranean region, the EC will continue to support the Horizon 2020 initiative to reduce pollution levels. Shared environmental information systems, environmental impact assessments, integrated coastal zone management and sustainable tourism will be promoted throughout the region.

The EC will continue to promote responsible and sustainable fisheries activities by cooperating closely with partners in relevant fora and through bilateral agreements.

An integrated transport system between the EU and its neighbourhood is vital to further integration. Member States and ENP partners will need to cooperate closely to complete the extension of TEN transport axes to neighbouring countries. Both Mediterranean and TRACECA partner countries are adopting regional action plans to develop sustainable transport systems, the implementation of which would benefit from Member States’ contributions. The implementation of the Council’s decision to develop a wider Common Aviation Area by 2010 should be accelerated. A comprehensive aviation agreement with Morocco is already operational, while negotiations are underway with Ukraine and due to be launched with Jordan. The Commission is requesting negotiating directives from the Council for further comprehensive aviation agreements with the ENP partner countries.

To successfully integrate ENP partners into the European Research Area, more account needs to be taken of partners’ research priorities (e.g. health and agriculture, complemented by socio-economic and governance issues) and more efforts need to be made to encourage greater participation in the 7th Framework Programme (FP7). The annual work programmes of FP7 should reflect the importance of the ENP and the use of the ENPI budget line should increase scientific capacity of ENP partners.

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9 In line with the Commission's Green Paper on Adapting to Climate Change in Europe, COM(2007)354 final
10 In particular, the Joint Implementation and Clean Development Mechanism
12 As per COM (2007)262.
13 The Communication, COM(2007)32 final, of 31 January 2007 outlines a comprehensive policy for closer integration of the EU transport system with neighbouring countries
As regards the information society, ENP partner countries would benefit not only from high-speed network interconnections but also from closer cooperation between the regulatory authorities in the ENP area and European regulators in this sector.

**Education and human capital:** The Commission will further strengthen its support for the structural development of higher education systems in the ENP partners through TEMPUS, as well as convergence with the Bologna process and the Lisbon Agenda. A new scholarship scheme for the ENP enables more than a thousand students and university lecturers to come to the EU in 2007/08, and several hundred to go to ENP partner countries. To enhance the knowledge of how the EU operates and to advocate for an impartial, accountable and efficient civil service, the Commission will encourage the selection of trainees from ENP partner countries in its own internal schemes, and will examine the possibility of welcoming seconded officials.

Closer cooperation on employment and social development will intensify exchanges on strategies regarding job creation, poverty reduction, social inclusion and protection and equal opportunities, to address common challenges in the context of globalisation and promoting decent work.

The EU and its neighbours are stepping up health cooperation. The Commission is including ENP partners in meetings such as the Network of competent authorities on health information and knowledge; the EpiSouth Network for Communicable Diseases Control in Southern Europe and the Mediterranean and the HIV/AIDS Think Tank. The recently adopted EU Health Strategy provides for increasing the EU’s voice in global health through strengthened cooperation with strategic partners from third countries including from the neighbourhood. The EC and Member States should join forces to tackle health challenges and threats in the neighbourhood, including by promoting the implementation of international health agreements, in particular the Framework Convention on Tobacco Control, and the International Health Regulations.

The recently adopted Communication on “An Integrated Maritime Policy for the European Union” identifies the ENP as a vehicle for dialogue and cooperation on maritime policy issues and the management of shared seas. The objectives of this policy will be included within the EU’s regular policy dialogue with ENP partner countries.

The Commission will further promote exchange of experience and bilateral dialogue on methods of formulation and implementation of regional policy including multi-level governance and partnership. It will seek to enhance interaction between national, regional and local authorities.

### 3.5. Participation in Community programmes and agencies

The opportunity to participate in Community programmes and agencies is an important and attractive feature of the partnership under the strengthened ENP.

In 2007, the Commission began negotiations to establish protocols with Israel, Morocco and Ukraine – the three partner countries that the Presidency’s report of June 2007 identified as

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being the most likely to benefit from these measures. The imminent signature of the Protocol with Israel will enable it to become the first ENP partner country to participate in the Competitiveness and Innovation Programme.

During 2008, the Commission will continue its contacts with ENP partners to identify their interests and capacity to take part in these EC activities.

3.6. Financial Cooperation

New financial tools are coming on stream, and cooperation with financial institutions, in particular the EIB and EBRD as the EU’s privileged partners in the ENP partner countries, other donors and international organisations will be improved. These developments will make it possible for the EU to respond more effectively to ENP partner countries’ needs, and to reflect their different relationships with the EU.

An innovation under the European Neighbourhood and Partnership Instrument concerns the implementation of cross-border cooperation (CBC) programmes which is getting underway at the end of 2007. The Commission has elaborated the programming framework covering 15 programmes carried on the external border of the EU and adopted specific implementing provisions. Joint task forces bringing together representatives of the Member States, the partner countries and their regions are finalising the programming documents so that implementation of CBC programmes can start at the beginning of 2008. These programmes are jointly managed by local stakeholders and will help to foster genuine ties with the neighbourhood, and to reduce the dividing effects of external borders, leading to increased volumes of economic exchange and avoiding the creation of a development gap between the EU and ENP border regions.

Progress has also been made on the two new facilities introduced by the 2006 Communication:

The new Governance Facility, with an indicative allocation of € 50 million a year for the period 2007-10, provides additional support to partner countries that have made the most progress in implementing the governance priorities agreed in their Action Plans, particularly those related to human rights, democracy and the rule of law. In 2007, the first Governance Facility allocations were made to Morocco and Ukraine. The annual Progress Reports on ENP partner countries will be further refined in 2008 as a basis for an objective assessment of performance of the partner countries, which will increase the transparency of decisions on Governance Facility allocations.

The Neighbourhood Investment Facility (NIF) has been established with the first € 50 million contribution from the Community budget, and will start to support lending to ENP partners in 2008. Overall, the Commission will allocate to the Facility an indicative amount of € 250 million over the next four years and plans to devote a further € 450 million over the period 2011-13 (in total € 700 million over 7 years). Discussions are ongoing with Member States on the establishment of a NIF Trust Fund. Matching the Community contribution with those of Member States would generate a substantial leverage effect. NIF operations, focussing primarily on projects of common interest in the energy, environment and transport sectors, will be fully compatible with a strengthened FEMIP. The Commission will also take steps to allow using the reflows of past FEMIP operations to the benefit of FEMIP, as well as reflows on future operations for the benefit of the NIF and FEMIP respectively.
4. **OPERATIONAL ISSUES**

4.1. **Roll-over of Action Plans**

The ENP Action Plans for Ukraine, the Republic of Moldova and Israel will reach the end of their term in early 2008. A roll-over of the current Action Plans for one year, with no change in substance, appears to be the most pragmatic way of continuing work on the Action Plans, pending the outcome of the negotiations of a new agreement with Ukraine, or any possible future arrangements with the Republic of Moldova and Israel. In any event, Action Plans are updated by agreement between the parties when this is required to maintain their operational value.

4.2. **Sub-Committee structure**

Since the inception of the ENP, Sub-Committees have become the main institutional venues for conducting policy dialogue with ENP partners. It is therefore essential for the Sub-Committee structure to cover the entire scope of issues addressed by an ENP Action Plan. The Commission intends in particular to encourage partner countries that have not yet done so to make operational Sub-Committees or other fora where human rights issues can be addressed.

4.3. **Involvement of Civil Society**

Civil society organisations have a valuable role to play in identifying priorities for action and in promoting and monitoring the implementation of ENP Action Plans. The participation of hundreds of civil society representatives in the ENP Conference was a clear signal of the Commission’s intent in this regard. The organisation of a platform for civil society representation on ENP issues would be a welcome development. The Commission will encourage a wide range of stakeholders to engage in monitoring the implementation of the ENP Action Plans, will promote dialogue in the partner countries between governments and local civil society and seek to bring more stakeholders into the reform process.

4.4. **Countries without Action Plans**

The Commission will continue to work closely with **Algeria** on the implementation of its Association Agreement. While the association agreement with **Syria** has not yet been signed, the Commission is preparing for the future contractual relationship by way of financial cooperation. Exploratory discussions have been initiated on a first framework agreement with **Libya**. Efforts will continue to indicate to **Belarus** what could be on offer to the country under the ENP, were key improvements to be made in the fields of human rights and respect for fundamental freedoms.

5. **CONCLUSIONS**

Sustained effort is required to ensure that the offer made to ENP partner countries comes up to their expectations. This Communication draws attention to some of the main challenges that will need to be addressed by the EU’s institutions and governments. In 2008, the Commission, Council, European Parliament and EU Member States must cooperate even more closely to strengthen the ENP. This may sometimes entail difficult decisions, but their costs will be outweighed by the long-term benefits to EU citizens and neighbours alike. In spring 2008, the Commission will publish its analysis of progress made by ENP partner countries and of where further steps might be taken.