



European Neighbourhood Policy

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- Candidates for EU membership
- Potential candidates for EU membership



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Credit where it is due

Small and medium-sized enterprises (SMEs) everywhere can face problems securing the financing to expand their businesses. This challenge is particularly pronounced for Palestinian SMEs, given the political uncertainty in which they operate and the relatively risk-averse nature of the local banking culture.

To encourage banks to lend money to SMEs with sound business propositions but which lack collateral, the EU and Germany are financing the European-Palestinian Credit Guarantee Fund to underwrite loans to small businesses employing up to 20 people.

“The programme has helped create or preserve 2226 jobs since it started in September 2006 and will continue to do so in the future,” explains John Khoury, the Fund’s director. Some 80% of the companies benefiting from the Fund would not have received bank loans because they lack the assets to guarantee them.

Businesses that have so far benefited from the scheme include doctor’s practices, small retailers, furniture manufacturers, aluminium frame-makers and olive woodcraft producers.

Banking on ideas

Under the scheme, banks such as the Housing Bank for Trade and Finance lend to SMEs on average US\$25 000 and up to a maximum of US\$50 000. In 2009, it intends to issue at least 200 loans guaranteed by the Fund.

“Thanks to the Fund, we are becoming more confident about lending to SMEs,” notes Suzan Khoury, a deputy regional manager at the bank. “It is now possible to lend money to clients who would not have qualified for loans because they lacked collateral. This enables them to expand their businesses, creating new opportunities and jobs.”

Bank staff also receive training in how to evaluate the financial health of a business based on cash flow, instead of insisting on traditional loan guarantees in the form of assets.

Let’s talk business

Although the European Union is Israel’s main trading partner, there remains plenty of unfulfilled potential. To explore promising new avenues of co-operation, the EU and Israel have invited top entrepreneurs to talk business.

Launched in November 2007, the EU-Israel Business Dialogue brings together a core group of around 20 Israeli and European business leaders with the aim of boosting bilateral trade and investment.

“For a small country like Israel, nurturing good business ties with the EU is crucial,” explains Yossi Vardi, one of Israel’s leading high-tech pioneers who chairs the Israeli side of the dialogue.

The European side is chaired by Mathias Doepfner, CEO of Axel Springer, one of Europe’s largest media groups.

The group is progressing at a rapid rate. In its first few months, it has already started work on a policy position paper; established several sectoral forums in areas as diverse as telecoms and the new media, finance, as well as energy and green technologies; and has set up encounters between dozens of entrepreneurs.

Soon, it will organise trips for European, and later Israeli, business delegations.



EUROPEAN NEIGHBOURHOOD POLICY:
BUSINESS AND TRADE

IN THE BUSINESS OF PROSPERITY



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The majority of European Union citizens, a recent survey found, are in favour of closer co-operation with neighbouring countries. They believe that closer ties could strengthen peace and democracy.

This is precisely what the European Neighbourhood Policy (ENP) is about. Developed in 2003/2004 with the aim of drawing the enlarged EU and our neighbours closer together, the ENP is about taking concrete action to support reforms and to enhance prosperity: to improve the daily lives of people in our neighbourhood.

So how does it work? The EU and each of its neighbours agree on how to build closer relations and support reforms over a three-to-five-year period. The joint commitments are spelled out in so-called Action Plans. Expertise and funding (almost €12 billion from 2007 to 2013) is available under the 'European Neighbourhood and Partnership Instrument' (ENPI) to assist with modernisation and reform.



Enterprising solutions

Economic integration has helped the EU become the world's largest trading bloc with a high standard of living. Prosperity has also contributed to peace and stability.

The ENP helps neighbouring countries to develop and implement the political and economic reforms needed to stimulate trade and investment, and offers them greater access to the Union's market.



A world of opportunity for Ukrainian businesses

The Industrial Union of Donbass (IUD) is an unusual company. It is one of the few Ukrainian enterprises which not only has large markets in the EU but is also investing there. Specialised in metallurgy, mining, engineering and food manufacturing, the corporation has plants in Poland and Hungary, among other European countries.

IUD and other Ukrainian companies are looking forward to the export and investment possibilities that will accompany better trade ties with the EU. With Ukraine's recent entry into the World Trade Organisation and with a new free trade agreement (FTA) with the EU on the agenda, the opportunities for Ukrainian businesses to become an integral part of the European and global trading system are multiplying.

"This FTA will help Ukraine improve its business and investment climate," explains Oleksiy Miroshnychenko, the executive vice-president of the Confederation of Employers of Ukraine, which represents 200 of Ukraine's largest firms which, together, employ some 5 million workers. "This will be good for business and will have positive impacts on other areas, such as labour standards and the environment."

Profitable relationships

The goal of the FTA is to boost trade and investment flows between the EU and Ukraine. "Access to finance is a crucial issue for Ukrainian businesses," Miroshnychenko notes. "We hope to boost foreign direct investment and the agreement with the European Union should help.

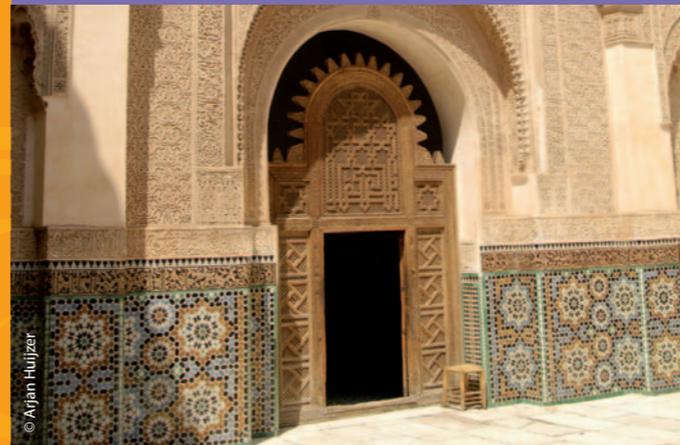
"Compliance with EU law in the different spheres that influence the development and promotion of the business environment will make it easier for Ukrainian companies to enter into the European market," he explains.

Bridging differences through dialogue

Inspired by social dialogue models in the EU, Ukrainian employers, trade unions and the government meet regularly in the National Tripartite Social and Economic Council.

The Tripartite Council promotes dialogue on numerous issues, including pay, working conditions, and government regulations and policies. It seeks, through face-to-face debate, to strike a balance between the interests of workers, employers and the state.

"The Tripartite Council is the leading forum for the discussion of social, legal and governmental issues," says Oleksiy Miroshnychenko who is one of the Council's co-chairs.



Concrete communications build solid foundations

The Moroccan Federation for Building and Public Works (FNBTP) represents 1 350 firms of all sizes directly and an additional 2 700 indirectly.

"The biggest challenge facing professional organisations is that members often feel that they lack information," says Mustafa Miftah, president of the FNBTP.

So the FNBTP decided to revamp and modernise its communication activities to improve business. With EU support, the association held industry fairs, business forums, and developed its presence on the internet.



Enhancing Egyptian hospitality

Egypt is the world's oldest tourist destination, and was already toured in Roman times. From the pyramids and temples of Thebes, to the Red Sea and megapolis of Cairo, from the richness of its culture to the hospitality of its people, Egypt has many attractions and currently plays host to more than 10 million visitors a year, making it one of the world's top destinations.

"Tourism is very successful in Egypt, but the Egyptian Tourism Authority wants to make it even more so, and this requires some serious capacity building," says Tim Bartlett, an EU adviser to the project. "Here, we are investing in additional brains to help strengthen the Tourism Authority."

Twin brains think better than one

Bartlett is involved in what is known as a 'twinning' project through which EU experts work alongside, and train, their Egyptian counterparts to improve operations and put in place state-of-the-art practices. "Twinning is basically transfer of knowledge and know-how," he explains.

"In the Egyptian civil service, we need a cultural shift in our attitudes to teamwork and information sharing, and this project has helped," relates Sahar Abdel-Megeed Saleh who is the assistant to the twinning project.

This particular twinning project has helped the Egyptian Tourism Authority to modernise its management structures and systems, and has aided it in developing a comprehensive marketing strategy. "The plan we developed will help Egypt build on its strengths and develop new niches," states Elisabeth Woschnogg, an Austrian expert.

The EU and Egypt co-operate on similar twinning projects in other areas, such as road, rail and maritime safety, telecommunications, the postal system, foreign direct investment, environment issues and occupational health and safety.