



Mr Andris Pielbags
Commissioner
European Commission
Rue de la Loi 200
B-1049, Brussels,
BELGIUM

20 February 2012

Dear Commissioner,

In light of the spring European Council discussion on the Neighbourhood strategy, BUSINESSEUROPE would like to highlight some outstanding issues to be addressed. The European Neighbourhood Policy (ENP), involving both the Eastern Partnership and the Southern Neighbourhood, is an initiative of unquestionable importance to the EU business community. The ENP can advance partnership agreements, deep and comprehensive free trade agreements (DCFTA), and visa arrangements to boost trade and investment across these regions.

BUSINESSEUROPE calls on the Commission to continue its effort to deepen economic co-operation with ENP countries. This should be done through structural reforms, increasing competition, fostering cross border and regional integration, stimulating investments and encouraging governments in the region to support small and medium sized enterprises.

While business is strongly supportive of strengthening bilateral relations through the conclusion of Association Agreements and the complementary deep and comprehensive free trade agreements, there is a worrying challenge of compliance-related problems for businesses in ENP countries. Businesses in many neighbourhood countries are not sufficiently consulted by their governments during DCFTAs negotiations. As a result, they are ill prepared for the increased competition and the compliance costs associated with EU regulations that are primarily based on self-conformity assessment. In addition, in countries where free trade agreements are in force, fractured governance structures provide little incentive for companies to adapt within the allowed transition times. While regulatory convergence will lead to more trade between the neighbourhood countries and the EU, the uncertainty, lack of information and upfront costs to business inhibit this transition.

We have this very clearly during the DCFTA negotiations with Ukraine (agreement which is pending signature) which should pioneer future agreements between the EU and its neighbourhood partners. The business climate was very unstable and confusing



in spite of the trade negotiations. We anticipate similar challenges in the other Eastern Partnership countries. The situation in the Southern Neighbourhood is similarly challenging because of the major political and economic changes in countries such as Tunisia, Egypt and Libya.

We therefore, believe that the EU should engage much more proactively in the two regions to provide technical assistance. This is especially required for employer and industry federations of the ENP countries as well as their regional and sector federations to improve their knowledge and expertise. Technical assistance would allow them in turn to disseminate information to companies, thus speeding up regional integration and opening up the vast EU27 market to the ENP countries. BUSINESSEUROPE therefore welcomes the additional funds provided by the European Commission for the European Neighbourhood Policy. Further allocation for the civil society and business organisations in particular, will strengthen the domestic economies and will improve the position of Neighbourhood countries as an important economic partner for the EU. Assistance from the EU for business support programmes can be most helpful to ensure compliance with EU regulation. BUSINESSEUROPE stands ready to help and to provide expertise to business communities in the neighbourhood countries.

Yours sincerely,

Philippe de Buck