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CC :

FROM : BUSINESSEUROPE

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This is a response to the joint consultation paper: "Towards a new European Neighbourhood Policy", prepared by the European Commission and the European External Action Service.

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Questions

II. Lessons learned and questions on the future direction of ENP

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

Since 2003, the ENP has significantly contributed in the development of closer economic and political relations with 16 neighbouring countries of the EU, in an effort to increase stability in the region, bring growth and prosperity. We believe that the ENP should be maintained, but we also recognise the need to develop an ENP tailor-made to the individual needs of the different neighbouring regions and countries.

The situation has changed significantly since the launch of the ENP. Firstly, our neighbours, both Eastern European and Southern, are dealing with different challenges, economic, social or even war / conflicts on some occasions. Some of our neighbours are therefore in a state of fragility. Secondly, different neighbours have developed different degrees of engagement with the EU in the framework of the ENP. At the same time, the EU as such has also evolved, with more Member States having joined since 2003, tackling also with a financial crisis since 2008. Therefore a modern ENP should be ready to respond to these challenges and also



respect the fact that some of our neighbours want to move with their relations with the EU at a slower pace.

It is also clear to us that, despite the need for more tailor-made approaches, a single framework should also be maintained, covering all our neighbours. As the key priorities for stability and prosperity remain and are the same for the EU and all its neighbours, this single framework for the ENP is the shared values of democracy, the rule of law and the respect of human rights. These values should remain the basis for developing closer relations with our neighbours through the ENP.

- *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?*

In a globalised and deeply interdependent world, the EU needs see the bigger picture. It is important that dialogue and joint actions with the 'neighbours of the neighbours' are developed and focused on strategic areas such as energy, transport, fighting trade in counterfeit products or joining forces to address common challenges in security and migration. For instance, reinforcing dialogue with the Sahel countries could help increase understanding and cooperation on these issues. This type of dialogue could also contribute in the normalisation of relations with partners which are currently being challenged, for instance with Russia.

- *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?*

Member States should follow the strategic approaches agreed at EU level to achieve the objectives of the ENP. They should also be flexible however to select the tools that apply best to their bilateral relations with neighbouring countries. For instance, when we are talking about promoting trade and investments, the overall framework should be defined at EU level by a DCFTA or other instruments, where appropriate. But the way each EU Member State can take advantage of this framework can be tailor-made to its particular needs and interests.

Currently, ENP management is divided between the Commission and the EEAS. Such an approach may at times cause frictions and does not encourage a consistency between the ENP and other foreign policy related issues such as security, migration and the fight against terrorism. As these issues normally fall under national competence, closer cooperation between the EU institutions and the Member States is important to give the ENP greater weight.

Overall, greater coordination is needed among the different EU policies and institutions.



- *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?*

Association Agreements and DCFTAs offer significant potential for growth and economic integration between the EU and its neighbours, as they create the impetus for structural reforms that will in turn help improve the business climate and stimulate bilateral trade and investments. They are good approaches, for those partners that are able and willing to engage further with the EU. One-size does not fit all. Alternative, approaches should be followed with other partners. In this regard, Armenia is a good example of such approaches: a mandate has been requested to the Member States to start negotiations on a non-preferential trade agreement.

- *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, contemplated to effectively deliver the economic growth potential of the EU's neighbouring countries, have not necessarily delivered the desired results. BUSINESSEUROPE would like to see Action Plans under the new ENP that first, are agreed with the neighbouring countries and prioritised in key areas, such as economic governance, infrastructure, energy, environment and transport and second, allow for the involvement of business, and thus ensure maximum commitment to proper implementation.

- *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?*

It is our view that the progress reports, assessing EU's relations with each of the neighbours should be maintained, as they give a clear overview of the status of the partnership. However, we would like to suggest that different reporting mechanisms are followed for different partners, depending on their level of engagement. For those neighbours with which the EU has signed Association Agreements that include a DCFTA component, reporting should be detailed, with full description of the reforms implemented by the partners, and take place on an annual basis. For other partners, lighter reporting mechanisms can be followed.

- *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?*

EU's neighbours not only are diverse (politically, economically or culturally) but they also have different aspirations vis-à-vis their engagement with the EU. It is important



that the new ENP supports this differentiation. For instance, Association Agreements and DCFTAs, as the best placed instruments to support integration, should be negotiated with those partners that are interested in pursuing closer relations with the EU. In addition, these Agreements should be accompanied by especially designed financial instruments, for instance by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

A good such example is the recently launched 'DCFTA SME Facility', which will help SMEs in countries that have signed DCFTAs with the EU access finance, facilitate trade, increase market capacity and offer technical and financial advice.

It is important that the EU keeps its leading role in the neighbourhood, even in situations where we face resource constraints.

Differentiated approaches within the ENP entail a clear identification of areas / sectors where the EU and its neighbours have common interests. Some areas seem to be important across the board (infrastructure, education, employment, SMEs, mobility, environmental protection or good governance). However, other areas gather the particular attention of the Southern Neighbourhood (customs cooperation, trade facilitation, innovation) or the Eastern Partnership (energy, transport, digital economy).

Increasing ownership of the ENP on both the EU and its partners' side will also require the development of a strong civil society and a transparent public-private dialogue. European business can play a role in this regard, sharing our experience on public-private partnerships and helping get the voice of the private sector – SMEs especially – heard in our neighbours. Projects such as the 'East Invest II', which is implemented under the Eastern Partnership, can help the development of business organisations and SMEs through capacity building. Similar projects are pursued, but should be further intensified, in the Southern Neighbourhood, to support business development in the Mediterranean region.

- *What further work is necessary in this area, 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?*

Facilitation and liberalisation of visas give strong political signals to EU's neighbours. They are instruments that support integration through the facilitation of exchanges and cooperation. This is particularly important for business, as these processes ease the mobility of experts and employees, further contacts and good practices exchanges. We understand that certain criteria need to be filled in and particular reforms need to be implemented by EU's neighbours in order to qualify for visa liberalisation, which should focus primarily on business people and high skilled workers and specialists. Capacity building is important. We are in favour of mobility, but this policy should go hand in hand with training and education policies in order to ensure that EU's neighbours become more competitive and have better paid more qualified jobs. It would also be useful to reflect on the progressive achievement of a higher degree of recognition of professional qualifications. We view these



agreements as part of a positive agenda, as a motivation mechanism, the EU should build through the ENP. Ultimately, visa-free regimes should be established with all neighbours. In this context, the primal interest of business is of course the facilitation of the movement of intra-corporate transferees, businesspeople and high skilled workers and specialists.

- *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?*

The instruments available in the context of the ENP should all concur to the objective of supporting economic and social development to the benefit of ENP partner countries as well as of the EU. For example, the follow-up mechanisms of association agreements or DCFTAs need to be improved to ensure tangible actions by ENP partner countries to implement the commitments taken in terms of reforms.

Long-term democratic stability, economic development and employment creation also require ENP partner countries to create the conditions for a genuine policy dialogue between governments, employer, and trade unions in the countries concerned, and at regional level. Therefore, as a European social partner, and similarly as the European trade union Confederation - ETUC, BUSINESSEUROPE agrees that the EU has an important role to promote greater awareness in ENP countries regarding the potential of effective social dialogue to create better framework conditions for democratic stability, economic and social development and employment creation.

The private sector could be more involved in the ENP framework. European companies could provide added value to the partnership in terms of promotion of local development and improvement of local standards.

- *How should the ENP address conflicts and crises in the neighbourhood? 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?*

The EU might have lost some leverage in the region by not being effective in the crises that affected its neighbourhood. A new approach should be undertaken, with CFSP and CSDP activities more integrated in the framework, a clearer presence of EU advisors or representatives on the ground, etc.

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

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



Security sector reform constitutes a key element of the political processes of States recovering from conflict and of the strengthening of the rule of law institutions. The EU partnership should help countries in linking the security issues to other important factors of stabilisation and reconstruction, thus improving the business environment.

Overall, although these are areas that are independent from the control of business, peace and prosperity go hand in hand with economic development. On the one hand business has a key interest in stability and predictability, while on the other hand, promoting trade will also generate growth and jobs.

- *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)?*

Regional cooperation should be supported, especially now that the EU and its neighbours are facing a number of common risks, including security and migration. Furthermore, cooperation could be improved in the areas of industry and trade, for instance through customs cooperation and rules of origin (Pan-Euro-Med Convention).

- *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?*

An idea to consider could be the set-up of a “communication plan” in order to inform civil societies – through social networks and media – about the ENP in general, its policies, its projects, its results. Training programmes, exchanges (students), twinning universities, the organisation of seminars could also represent a valid tool for improving public involvement.

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?

As mentioned above, the promotion of social dialogue in EU’s neighbouring countries will help increase the ownership of the ENP and BUSINESSEUROPE is willing to share its experience as business organisation and social partner organisation.

A number of projects that support the empowerment of the private sector are already in place.

Moreover, in order to allow for new bipartite social partner initiatives aiming to underpin social dialogue development in the ENP countries, it is important that the Commission creates dedicated financial resources to encourage social partner organisations to submit project proposals, most notably to build up the capacity of



social partner organisations in ENP partner countries. One goal is to promote more representative, independent, democratic, and sustainable social partner organisations. Another is to allow the space needed for exchanges between social partner organisations to develop, exchange expertise and knowledge on how to devise and conduct advocacy and social dialogue strategies.

The way European and EU national social partners can develop projects in the context of the budget line maintained by DG Employment to support social dialogue development in Europe could be a useful source of inspiration. Of course, in the context of the ENP, it is important that international, regional and national social partner organisations can present such initiatives.

Furthermore, the European Economic and Social Committee (EESC) offers a platform for communication and cooperation among civil society organisations of the EU and its neighbouring countries. Employers and trade unions organisations take part in these activities. At the same time, the Commission should distinguish clearly social dialogue and civil dialogue, also in the ENP context.

Events where both business / trade union representatives and political leaders participate – for instance Summits – are good opportunities to establish at the highest-level the right framework for tripartite dialogue. However, more structured and regular exchanges are required in order for a true tripartite dialogue to develop. This requires time and a certain level of political will.

- *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?*

N/A

III. Towards a partnership with a clearer focus and more tailored cooperation

1. The challenges of differentiation:

- *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?*

Close dialogue on clearly identified areas of interest between the EU and its neighbours that chose not to follow the option of Association Agreements should be pursued. Furthermore, these neighbours should not be excluded from the participation in umbrella-projects that cover the ENP as a whole, or its regional dimension (Eastern Partnership or Southern Neighbourhood). EU neighbours could also be encouraged to participate in EU funded projects, other than those included in the ENP, for instance on innovation or education and training.



- *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 ENP is a policy that should support, not condition the aspirations of EU's neighbours, who make their own, sovereign decisions. As European business representatives we would like to see the creation of a wide common area of economic prosperity, based on WTO rules. The EU should therefore support those neighbours that are not yet members of the WTO (ex. Algeria, Belarus) in their accession to the multilateral trading community, including important plurilateral agreements such as the Global Procurement Agreement. This requires strong efforts by EU's neighbours to introduce economic and financial market reforms, as well as in the areas of competition and public procurement. The EU can offer through the ENP technical assistance and capacity building.

- *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?*

See previous responses.

2. Focus:

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

We agree with the proposed areas of focus for the new ENP, namely: facilitating trade, improving connectivity, addressing security and governance challenges, cooperating on issues of migration and mobility, paying attention to climate change as well increasing engagement with young people. Energy and regional infrastructure could also constitute an area of focus since they are at the heart of any development and growth strategy.

- *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?*

N/A

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

The ENP offers a variety of tools, including instruments for financing, technical assistance or different types of dialogue. However, we observe that on many occasions information on the ENP instruments is lacking or is not clear, which results on interested parties missing important information on projects and financing opportunities. Moreover, coordination among the different institutions dealing with the ENP (European Commission, EEAS, Financial Institutions) should be further improved in order to avoid duplication of procedures or lacunae in the



implementation of the ENP instruments. To this end, a clear division of tasks and responsibilities is needed.

Although sectoral dialogues often lack a clear structure and so far have not always delivered the desired results, they do contribute in furthering cooperation between the EU and its neighbours and should be further promoted.

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

It is not necessary that new tools are developed to deepen sectoral cooperation. What is required is that the existing tools are made more effective. This means political will to implement the measures agreed under the sectoral dialogues that should be accompanied by technical assistance.

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

For partners that prefer a focus on a limited number of key sectors, the EU could build on initiatives of the private sector in sustainability, access to energy, community engagement or training. The selection of key sectors should respond to the needs of specific partners while taking into consideration also the potential impact on their economic and social development in a wider sense.

3. Flexibility – towards a more flexible toolbox:

- *How to streamline Action Plans to adapt them better to individual country needs and priorities?*

Consultation processes should be followed in the framework of the ENP, with the participation of civil society, including the private sector. Where social partner organisations can play a specific role autonomously, a dedicated consultation of social partner organisations is necessary. This will allow the identification of each partner's needs and priorities, which should then be followed in the Action Plans.

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

A lighter, possibly bi-annual reporting mechanism could be followed for these countries.

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

The multilateral and regional dimensions of the ENP can offer the right framework to develop a structured dialogue with neighbours where currently Action Plans are not being implemented.



- *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?*

The EU should clearly demonstrate the economic and social advantages – growth, prosperity – that stem from the adoption and respect of fundamental values.

- *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 certain degree of flexibility should be applied in the assessment of progress in cases where EU partners experience extreme situations. As representatives of the European business we consider that reforms are key, as they will lead in the creation of a more stable legal environment and therefore in the attraction of investments. In this context, flexibility should not necessarily be applied on timelines agreed, but on the technical assistance and capacity building the EU is able to offer through the mechanisms of the ENP.

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

The EU Member States and the EEAS play the key role in the development of effective and flexible responses to conflicts in the neighbourhood. Furthermore, coordination with other international organisations, for example OSCE, is also crucial.

The ENP can and should play a complementary role by developing the right, tailor-made instruments to support economic stabilisation and growth in the conflict-affected countries. The crisis in Ukraine offers a good such example, with the creation of the 'Support Group for Ukraine', which is the focal point that coordinates the work of the European Commission to support Ukraine, gathers expertise from the EU Member States and enhances cooperation with International Financing Institutions.

- *What tools would the EU need to respond more effectively to fast-changing developments in its neighbourhood?*

Coordination and complementarity among different EU policies – foreign policy, ENP, trade, development – should be reinforced.

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

The EU should communicate more on the programmes and mechanisms under the ENP, in order to make them more accessible to interested parties. For instance, the creation of an electronic tool, linked to the EUROPAID portal, to automatically alert



companies on funding opportunities in selected countries and sectors could help access to information.

4. Ownership & Visibility:

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

N/A

- *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?*

N/A

- *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?*

From our perspective, the ENP should be more open to the private sector, and more aware of the specific approaches needed to support the development of social dialogue. As we mentioned above, private sector's and, where appropriate, social partners' participation in the Action Plans as well as in different project will contribute to the economic and social development of partner countries.

- *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?*

The new European Neighbourhood Instrument for the period 2014-2020 with a budget of €15.4 billion will provide the bulk of funding to the 16 partner countries covered by the European Neighbourhood Policy (ENP) in line with the principles of differentiation and the incentive based approach. ENPI support may also be used for the purpose of enabling 'the neighbours of the neighbours' to participate in cross-border cooperation, in regional cooperation with Union participation and in relevant multi-country programmes. In all ENPI programmes and projects, but especially in the cross-border programmes special attention should be given to shortening the project cycle (project proposal, agreement on launching, tendering process, implementation) so that practical results could be achieved more quickly and participation in implementation is feasible for a wider number of institutions and companies.

- *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?*

The EIB and the EBRD have developed a number of flexible financial instruments, including blending facilities that the ENP can use to re-orientate the dynamics of financial support.



- *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?*

See previous responses.