

Please find attached the contribution for the Consultation in object highlighted in yellow

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European Neighbourhood Policy

## **I. Introduction. A Special Relationship**

We need a stronger Europe when it comes to foreign policy. With countries in our neighbourhood, we need to step up close cooperation, association and partnership to further strengthen our economic and political ties. Article 8(1) of the Treaty on European Union states that "*the Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation*".

The European Neighbourhood Policy (ENP) was designed in 2003 (Communication 'Wider Europe'<sup>1</sup>) to develop closer relations between the EU and its neighbouring countries including by giving the opportunity of closer economic integration with the EU and the prospect of increased access to the EU's Internal Market. The plan was for integration to be progressive, through the implementation of challenging political, economic and institutional reforms, and a commitment to common values.

Over the past ten years, there have been significant political developments in the neighbourhood. Today's neighbourhood is less stable than it was ten years ago. For example, in the East, growing challenges to a number of Eastern Partnership countries, from the crisis in Georgia in 2008 to the on-going conflict in Ukraine, have been caused by an increasingly assertive Russian foreign policy, which has also resulted in exacerbating divisions between Russia and the EU. In the South, Syria has been afflicted by civil war since 2011 which has had a serious impact on its neighbours. Libya is currently a country in conflict. Over the past three years, Egypt has also undergone complex political change. Despite considerable efforts, the Middle East Peace Process is still stalled and there have been several outbreaks of hostilities, including in 2014 in Gaza. These events have served to increase the challenges faced by both the EU and its partners, aggravating economic and social pressures, irregular migration and refugee flows, security threats and leading to diverging aspirations.

The ENP has evolved over this period: the regional component has been strengthened as the Barcelona Process evolved into the creation of the Union for the Mediterranean in 2008 and the Eastern Partnership was launched in 2009. The content of the policy has also significantly increased. Neighbouring countries now have the prospect of Deep and Comprehensive Free Trade Areas, as well as Mobility Partnerships or a visa free regime. Some of these have already been concluded. In addition, the ENP was reviewed in 2012 to design a response to the events of the Arab Spring, during which popular uprisings and ensuing consequences led to some progress, such as in Tunisia, but also to wider instability and political tension. The transitions have been very different in nature depending on the country.

The ENP has not always been able to offer adequate responses to these recent developments, nor to the changing aspirations of our partners. Therefore, the EU's own interests have not been fully served either.

Partners have demonstrated increasing differences of engagement with the EU as a whole and in relation to different policy sectors. The ENP has extended the EU's influence in some respects, but in a number of areas, the reform agenda has stalled, in part due to competing interests, in part because not all partners seem equally interested in a special partnership with the EU under the model of pluralism and integration. The EU has also experienced a major economic crisis in recent years, which has inevitably had an impact on our neighbours.

1 COM(2003) 104 final of 11.03.2003

2 COM(2011) 303 of 25.05.2011

Political and economic reforms have a deep effect on societies and economies, as the EU's own experience has shown. Partners assess the benefits in the long term, but also the costs that arise in the short term as a result of their relationship with the EU under the ENP.

Our neighbours' strategic orientations determine the extent to which each of them wishes to engage with different actors including the EU. Some partners have chosen to engage on a path of closer association with the EU, and the EU is ready to deepen its relations with them. Others prefer to follow a different path. The EU respects these sovereign choices and is ready to seek other forms of engagement.

Given all this, there is now a clear need to review the assumptions on which the policy is based, as well as its scope, and how instruments should be used, including how different policy sectors can better contribute to cooperation, ensuring linkages between internal and external priorities. The purpose of such a review is to ensure the ENP can, in the future, support more effectively the development of an area of shared stability, security and prosperity with our partners. It also has to explore whether the 'special relationship' is reaching its full potential, and what can be done to strengthen it in the interests of both the EU and its partners.

A clearer analysis of the interests, both of the EU and its partners is needed to make the ENP fit for purpose. On one hand, it is essential to consult partners on their interests and ambitions for this partnership. On the other, the EU needs to define more clearly its own aims and interests, while promoting the values on which it is based.

The review needs to answer the demands of partners with very different levels of ambition. Where there is already full engagement and commitment to integration, the review should consider how we can take forward and deepen our partnership. The EU remains committed to ensuring that the full potential of each partnership is reached, building on achievements to date.

Where partners have shown less engagement, or none at all, the review of the ENP should consider the reasons for this, and examine ways to fit better the aspirations on both sides. Some partners currently outside the neighbourhood may be needed to be more closely associated. It should also be considered how the EU should best respond to crises and conflict situations, including protracted ones, taking into account the sources of influence and pressure on our partners that determine their political positions, including towards the EU.

In this regard, an effective ENP needs to be closely integrated into an overall EU Foreign Policy with a comprehensive approach using all instruments both of the EU and of Member States.

It is in this context that President Juncker decided that the ENP will be reviewed within the first year of the new Commission's mandate. EU Member States have also called for a review, and have already made proposals. Partner countries have expressed the need to revisit the policy; as have external stakeholders, including civil society organisations and social partners' organisations.

In parallel the Commission is refining the Enlargement policy, which remains distinct from the ENP. In this context, President Juncker has stated in his Political Guidelines that no further enlargement will take place over the next five years.

The aim of this document is to frame the discussion for a thorough re-examination of the ENP. In section II, we set out some preliminary findings in terms of lessons learned from the ENP to date. In section III, we develop some suggested first elements of response towards developing a stronger partnership and identify a number of key questions for discussion with key partners and stakeholders. In section IV, we summarise the next steps with regard to structuring public consultation. The results of the consultation will contribute to a further Communication in the autumn of 2015, setting out concrete proposals for the future direction of the ENP.

## II. Lessons Learned and Questions on the Future Direction of ENP

This section draws on the experience of ten years of implementation of the policy, as reflected by regular and frequent contacts with EU Member States and ENP partner countries and the current period of informal consultation, to which many have already contributed.

Since 2004, the ENP has provided a framework for the EU's relations with its neighbouring countries, enabling the EU Member States to reach consensus on greater engagement with neighbours both to the East and to the South. The EU's relations with neighbourhood countries have significantly intensified through the ENP, as a result of clear commitments spelled out by both sides in the ENP Action Plans. The ENP has provided a way to respond to the partners' own demands for greater engagement with the Union. After 10 years, the partnerships with the neighbours have a higher profile in EU affairs; the EU is the main trading partner for most partner countries; passenger and migration flows between the ENP and EU have been constantly on the rise. The EU has used the ENP to foster and evaluate, on an annual basis, reform efforts in each country, in particular on governance issues, on the basis of action plans agreed with the individual partners.

However, some shortcomings have been identified.

Some partners are actively seeking closer integration with the EU. Others are not, or not currently, attracted by it, calling into question some of the assumptions on which the ENP has been constructed.

Although the concept of differentiation has been present from the start, individual countries do not always find their specific aspirations sufficiently reflected. The lack of a sense of shared ownership with partners prevents the policy from achieving its full potential.

The approach of 'more for more' underlines the EU's commitment to its core values, but has not always contributed to an atmosphere of equal partnership, and has not always been successful in providing incentives further reforms in the partner countries.

The questions raised in this Communication seek to explore how the ENP can become a more effective vehicle for promoting both the EU's interests and those of its partners, and a framework more conducive to developing fuller partnerships in which both sides find their aspirations better reflected.

- The importance of building **deeper relationships** with the EU's partners is not in question.

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

- The current framework of the ENP covers **16 neighbouring countries**. However, many of the challenges that need to be tackled by the EU and its neighbours together, cannot be adequately addressed without taking into account, or in some cases co-operating with, the **neighbours of the neighbours**. **Regional dimension has to be considered, in particular for the energy sector (i.e. energy infrastructures along the South-south and South-north axis fostering the Nord Africa/Europe integration), dealing with the intensification of the interaction between the availability of fuels, markets and prices. The energy and consequently economic and geopolitical situation has to be managed with an overall approach. Investments in infrastructures are a driving force of development for the economy and a prerequisite for an effective and concrete 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?*

While the ENP is conducted through the EU institutions, greater Member State involvement could lead to greater results. **A more flexible way of working, overcoming the "one-size-fits-all" target approach could contribute to find more suitable and faster dedicated 'ways of working' for different neighbours. In particular, the economy of African countries as a whole are characterized by a trend of strong growth in energy demand (growing population) and a dedicated and well fitted ENP will play a key role in ensuring such fundamental factors in terms of security of supply and sustainable**

development. All citizens and enterprises in Africa must be able to rely on the availability of electricity at all times, at affordable prices and at sustainable conditions from an environmental point of view.

In this context, the experience gained by Italy in the European context in terms of liberalization and development of grid infrastructures and generation from renewable sources (and their integration in the transmission networks), may well be a fundamental example and support for neighbours in completing their growth.

*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?*

- The ENP has **developed and applied tools for closer political association and economic integration of partners aspiring towards this goal**, including far-reaching agreements such as the Association Agreements and the Deep and Comprehensive Free Trade Areas (AAs/DCFTAs).
- For the energy sector, physical interconnections development represents a “condition sine qua” non for markets integration, regardless rules and regulations. Definitely, the regulatory and legal framework must be clear and predictable.

*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?*

- **ENP Action Plans** have framed the development of relationships between the EU and most ENP partners.

*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 are in some cases too broad, they should focus on concrete and identified actions and projects with a defined roadmap in order to swiftly reach their primary goals. They should be also clearer and supportive in terms of financial resources available for each single action/project. A favourable framework for investments means a financial support for the projects with neighbouring countries, not only from private investors where they fit with bankable market conditions, but from public institutional ones where political and strategic criteria have to be considered (‘beyond the pure cost – benefit analysis’).

- **ENP Progress Reports** have helped the EU monitor closely progress with each of the ENP partners that have Action Plans, against the jointly agreed objectives set out in those Plans.

*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?*

- The ENP has provided a **framework for sector cooperation** across a broad range of areas (including energy, transport, agriculture and rural development, justice and home affairs, customs, taxation, environment, disaster management, research and innovation, education, youth, culture, health, etc.).

*Can partnerships be focussed 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?*

As stated in Section III, paragraph 2 “Focus” of this joint consultation paper, review of ENP needs to clarify which are the interests of the EU and third countries, identifying those areas of strongest common interest. Terna agrees on the fact that both the EU and partners have strong shared interests in improving connectivity, especially in energy field. In this respect development of electricity interconnections between EU and partners should be considered as a priority joint interest: it would

increase benefits in term of energy security and efficiency focusing on neighbouring country partner and on its **neighbours**.

- **Visa liberalisation** and visa facilitation processes have eased travel and cemented reforms; mobility partnerships have furthered contacts, with programmes supporting these processes.

*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?*

- The EU seeks to promote **prosperity** on its borders. Prosperity in the partner countries is negatively affected by structural weaknesses such as inequalities, poverty, the informal economy and deficiencies in democracy, pluralism and respect for the rule of law. In addition, much of the ENP partners' economic and social development has been disrupted by turbulence due to conflict or rapid internal change.

*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 EU seeks to promote **stability** on its borders. To address existing challenges effectively, the EU has to draw on all its cooperation instruments. Activities under the Common Foreign and Security Policy (CFSP) and the Common Security and Defence Policy (CSDP) have until now been conducted outside of the ENP framework. The level of instability in some partner countries not only disrupts progress towards democracy but also threatens the rule of law, violates human rights and has serious impacts on the EU, such as irregular migratory flows and security threats.
- It needed to contribute to foster their own internal stability ('in the country'), aiming at their internal economic growth and wellness, in primis through investments in infrastructures (i.e. energy, transport, education, industry), such a fundamental lever for economic growth, wellness and consequently stability.

*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?*

*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?*

- The ENP includes a clear objective to promote **regional cooperation**. Together with partners, the EU has pursued such cooperation through the Union for the Mediterranean (UfM) in the South and the Eastern Partnership (EaP) in the East. Concerning specific infrastructure projects, these cooperation should facilitate, where requested, their concrete realization.

*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)?*

- The ENP works extensively with governments, but also seeks to engage with **civil society**, including enhancing its monitoring function, particularly in countries where civil society is free, or largely free, to operate.

*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?*

*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?*

- The ENP seeks real partnership with the EU's neighbours, and this must reflect and embrace diversity.

*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?*

### **III. Towards a Partnership with a Clearer Focus and More Tailored Cooperation**

**Experience and initial comments** by a number of EU Member States and ENP partner countries to this review point to four priority areas which require further consultation and reflection:

- **Differentiation**
- **Focus**
- **Flexibility**
- **Ownership & visibility**

#### **1. The Challenges of Differentiation**

Some partners in the East are embarking on DCFTAs, and aspire to the closest possible relationship with the EU. Although the large scope of the relationship is far from exhausted in any of these cases, there is an aspiration on their side to set a further horizon beyond their Association Agreements/DCFTAs.

In the South, there are increasing divergences in the aspirations of partner countries and instability arising from armed conflict. The events in the Arab world in 2011 and thereafter have fundamentally changed the region. For some Southern partners, this has led to positive political change; others are undergoing complex transitions, remain heavily exposed to the fallout of the Syrian crisis, or remain caught in protracted conflicts.

*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?*

*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?*

*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?*

#### **2. Focus**

Our cooperation with ENP partners, as set out in the Action Plans, is currently very broad. Experience suggests that the ENP will be most effective when the agenda of the EU and its partner is truly shared. The review needs to clarify what are the interests of the EU and each partner, and those areas of strongest common interest. This will help strengthen the partnership between the EU and our neighbouring countries going forwards.

On the basis of our informal consultations to date, the initial assessment is that the EU and our partners have strongest common interest in the following areas:

- Promoting **trade** and inclusive and sustainable **economic development** and enhancing job opportunities are priorities for our Neighbours and are also in the interests of the EU itself, in areas ranging from traditional rural livelihoods to research and digital markets.

- Both also have strong shared interests in improving **connectivity**, notably in the fields of sustainable transport and energy. There is also a shared interest in increasing energy security and efficiency, as well as energy safety.
- There are currently a number of conflicts affecting the neighbourhood region. Stability is a prerequisite for working together on enhanced prosperity. The EU and its Member States need to do more together with our partners to address the **security** threats that arise from conflict situations, from organised crime and from terrorism, and to develop our ability to jointly manage crises and disasters.
- Our partners face **governance** challenges. Ensuring rule of law, human rights and democracy is first and foremost key for their own citizens. By enhancing legal certainty, they also address issues that are important for domestic and foreign investors, such as fighting corruption and fraud and strengthening public finance management, including public internal control based on international standards.
- **Migration and mobility** is a key area of co-operation for the EU and our partners. Enhancing mobility, especially for education, scientific, cultural, training and professional purposes, has positive effects on economies and societies alike. Tackling people smuggling and illegal migration is a common challenge.
- **Other common challenges** with impacts across borders are health security, threats to the environment and climate change.
- Increasing engagement with **young people**, including through educational exchanges and other networks, can play a major role in developing a common vision for the future. The EU will continue to support increased opportunities for **women**.

The review is an opportunity to establish a firm understanding between the EU and our partners of those areas of strongest common interest. This will be the basis for a stronger partnership going forwards.

In that regard, we would propose to focus the consultations on the following questions:

- *Do you agree with the proposed areas of focus? If not, what alternative or additional priorities would you propose?*  
Both the EU and partners have strong shared interests in improving connectivity, especially in energy field. In this respect development of electricity interconnections between EU and third countries partners should be considered as a priority joint interest. As mentioned before, it would indeed increase energy security and efficiency, contributing to the stability from a geopolitical point on the European borders.
- *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?*  
It could be developed a joined way of working in order to evaluate the priority actions and projects to go further toward a common European view and strategy, overcoming single country's interest, but respecting its own peculiarity. Definitely, energy infrastructures development represents one of the main priorities of the ENP.
- *Does the ENP currently have the right tools to address the priorities on which you consider it should focus? How could sectoral dialogues contribute?*
- *If not, what new tools could be helpful to deepen cooperation in these sectors?*
- *How can the EU better support a focus on a limited number of key sectors, for partners that prefer this?*

### 3. Flexibility – Towards a More Flexible Toolbox



Over the past ten years, the EU has developed and expanded the instruments of the ENP. It is currently based on the following central elements:

- Relations between the EU and the majority of ENP partner countries are structured in the legal framework provided by Association Agreements (AAs) or Partnership and Cooperation Agreements (PCAs).
- Action Plans or Association Agendas have been agreed to date with 12 ENP partner countries; for each of these countries, there is an annual report on implementation of Action Plan priorities.
- In addition to annual progress reports, the Annual Neighbourhood Package also comprises one strategic communication and two reports on implementation of regional cooperation priorities, one on the Partnership for Democracy and Shared Prosperity with Southern partners and the other on the Eastern Partnership.
- The EU holds regular bilateral dialogues with most ENP partner countries in different formats. This includes formal exchanges foreseen in the AAs or PCAs (Association/Cooperation Councils, Association/Cooperation Committees, sectoral subcommittees). There are also numerous other interfaces, such as Human Rights Dialogues and other sector-specific dialogues.
- Substantial targeted financial support has already been provided to ENP partner countries. A further EUR 15 billion is foreseen for the period 2014-2020. A mid-term review is scheduled for 2017, which will be a major opportunity to adjust the allocation and implementation of funding from the European Neighbourhood Instrument in the light of the results of this review and to ensure that the EU is better able to respond more flexibly through its financial cooperation to rapidly changing developments in the region.
- *How to streamline Action Plans to adapt them better to individual country needs and priorities?*
- *Is annual reporting needed for countries which do not choose to pursue closer political and economic integration?*
- *How should the EU structure relations with countries that do not currently have Action Plans?*  
EU structure should implement a proactive and concrete 'information channel' in order to share their plans and better fit the ENP actions towards the neighbouring country. Starting from their needs and their investments program and going further with know-how and best practices.
- *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?*
- *How to assess progress against jointly agreed reform targets when a partner country experiences significant external pressure, for instance armed conflict or refugee flows?*
- *How can the EU engage more effectively and respond more flexibly to developments in partner countries affected by conflict situations?*
- *What tools would the EU need to respond more effectively to fast-changing developments in its neighbourhood?*
- *Are the choice of sectors and mechanisms for delivery of EU financial support appropriate? How could its impact and visibility be enhanced?*  
Priority sectors and respective allocation of funds should be better delineated. In particular and as an example, energy is assessed as priority sector, but the allocation of European Neighbourhood Instrument doesn't specify the amount reserved to this sector.  
The impact and visibility of EU financial support could be enhanced including in the list of eligible projects also those projects strategic from geopolitical point of view and/or with benefits in the long term.

#### 4. Ownership & Visibility

One of the most often repeated criticisms of the ENP is a lacking sense of ownership with partners, across their societies, and the general public's weak awareness of the policy's aims and impact. It is clear that substantial efforts are needed in the context of the ENP review to improve both the ownership of this policy



by partner countries and to improve communication of its objectives and results both within the EU and in the partner countries.

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

This phase of public consultation will be crucial in helping to build greater ownership and to pave the way for more effective communication in the future of the ENP.

#### **IV. Next Steps**

The purpose of this document is to frame a policy debate on the future direction of the ENP. The aim is to consult as widely as possible both with partners in the neighbouring countries and with stakeholders across the EU. We will consult with Member States and partners, but also with a wide range of actors from parliaments, including the European Parliament, civil society and think tanks, and from the social partners, business and academic communities. We will engage with key international organisations active in the neighbourhood, including notably the Council of Europe, the OSCE as well as the major international financing institutions. Interested members of the public will also have an opportunity to submit written contributions. The consultation on this document is foreseen until the end of June.