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European Neighbourhood Policy – State of Play

In 2004, the European Union adopted the European Neighbourhood Policy (ENP)¹ to support its partners' political, economic and social reform processes and to deepen bilateral relations with them.

Today, Commission reports on the **progress achieved by the first partners to have agreed ENP Action Plans with the EU**: Ukraine, Moldova, Israel, Jordan, the Palestinian Authority, Tunisia and Morocco – during the first eighteen months of their implementation.

Ukraine

With the preparation and conduct of overall free and fair parliamentary elections in March 2006, accompanied by a free debate in the press, Ukraine consolidated the breakthrough in conducting a democratic election process that began with the Orange Revolution and which is also a key element of the EU-Ukraine ENP Action Plan. Considerable progress has been made towards consolidating respect for human rights and the rule of law. Initial steps have been taken in the fight against corruption and on the reform of the judiciary, which are particular challenges. There has been good co-operation between the EU and Ukraine on foreign policy, with Ukraine aligning with EU positions on many issues. Good progress has been made on Ukraine-Moldova border management. Agreements on visa facilitation and readmission have been successfully negotiated and initialled. Progress has been made in various trade and trade-related areas, including last steps in the WTO accession process, but further reforms are needed to improve the business climate. While progress is needed on nuclear safety issues, much progress has been achieved on energy cooperation.

Moldova

Faced with a difficult internal and external situation, implementation of the Action Plan in Moldova is well underway, and the Action Plan has become the central point of reference in the domestic reform process. Good progress has been made on trade-related issues, co-operation with international financial institutions (IFIs) and on poverty reduction, but more needs to be done on the investment and business climate. Good progress has also been made on Moldova-Ukraine border management, which has positive implications for the Transnistria issue. Democratic reforms are underway and some progress is being made on governance issues, with first steps being taken also on the reform of the judiciary, the fight against corruption and organised crime, which are particular challenges. Overall, Moldova is showing commitment, but the implementation of reforms requires greater attention, including in areas with good legislative progress.

¹ EU policy towards its Southern Neighbours (Algeria, Egypt, Jordan, Israel, Lebanon, Libya, Morocco, Syria, Tunisia, West Bank and Gaza Strip) and Eastern Neighbours (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine)

Israel

Implementing the Action Plan has begun to help better define the path and framework of EU-Israel relations while enabling the deepening and strengthening of co-operation in a wide spectrum of areas. In the course of implementing the Action Plan, EU-Israel cooperation has developed in the area of political dialogue, promoting trade and investment, justice and security, science and technology including space cooperation, as well as higher education. Furthermore, technical workshops on a large number of specific subjects relating, for example, to preventing terrorist financing, promoting judicial and police cooperation, protecting the environment, combating racism/xenophobia/anti-semitism have been organised.

Jordan

Jordan's reform priorities are laid down in its National Agenda, a long term reform-oriented programme published in November 2005, complemented by the initiative "we are all Jordan" which aims to ensure wider support from the Jordanian population. The Jordanian reform programme formed the basis of the ENP Action Plan through which the Commission supports the national efforts. Overall, Jordan has shown a real commitment to working towards a number of political and economic reforms. Results have been achieved in the fields of anti-corruption, public finance management, protection of human rights. Others are currently debated, such as reform of the electoral system. In addition, Jordan decided to converge with relevant EU acquis on standards for industrial products, sanitary and phyto-sanitary matters. The EU and Jordan have also increased co-operation on trade, with negotiations on liberalisation of trade in agriculture products (concluded) as well as on services (on-going). However, more needs to be done in the next four years to translate commitments into concrete progress.

The Palestinian Authority

The Action Plan is designed to provide support to Palestinian reforms and institution building in the context of preparing for a future Palestinian state. Some initially encouraging steps towards reform were realised between 2005 and early 2006, for example on public financial management. Following the formation of a Hamas-led PA government, the EU suspended political contacts and co-operation with that government, pending its acceptance of the Quartet principles. The EU would be ready to resume co-operation and further work on the Action Plan as soon as a government is formed with a programme reflecting the Quartet principles.

Tunisia

The EU-Tunisia ENP Action Plan, linked to Tunisia's own reform priorities, has become the reference framework for a deeper dialogue on economic and trade issues. Progress has been made on economic and social reforms as well as in some sectors, like transport, energy and scientific research. Less progress was registered on political issues, as evidenced by slow preparations for a subcommittee on human rights and democracy, slow progress on freedom of association and expression, and on implementing the programme for modernizing the justice system.

Morocco

There has been a significant enhancement of relations between the EU and Morocco, notably because of Morocco's real interest in the European Neighbourhood Policy as a response towards its desire for an "advanced status". The EU-Morocco ENP Action Plan is an anchor-point for Morocco's on-going reform processes. Morocco has implemented important reforms in most of the main areas of the Action Plan (e.g. liberalization of the audiovisual sector, lifting reservations to some human rights international conventions, financial sector, transport, and environment). The EU and Morocco have also reached landmark agreements in aviation, fisheries and participation in the Galileo satellite navigation system. Co-operation on migration issues has strengthened considerably and negotiations on a readmission agreement are still on-going. Morocco is a strategic partner of the EU in the fight against terrorism. The government continues to pursue political, economic and social modernisation policies which will permit the jointly-agreed objectives of the Action Plan to be attained if the pace of reforms continues. However, the modernisation of the judiciary needs to be pursued further and reducing poverty and creating jobs remain serious challenges.

Two separate reports also detail **progress by partners and by the EU**, looked at from the sectoral perspective, on working together on issues such as governance, political dialogue, macro-economic reforms, fighting poverty, trade and regulatory reforms as well as reform and modernization of the transport, energy, information society and environment.

With different cultures and challenges, and different levels of commitment, each partner has addressed **governance** issues in its own way. The enhanced dialogue on human rights that has taken place with Mediterranean partners deserves special mention. There has also been progress by several partners in the reform of electoral systems, in judicial reform and in public-sector governance. The picture is more mixed as regards respect for fundamental rights, however, with less progress by certain partners in addressing issues such as restrictions on press freedom, intimidation of NGOs, political prisoners, ill-treatment in police custody, and extra-judicial killings.

Political dialogue and cooperation with ENP partner countries has been significantly enhanced in most cases, with enhanced dialogue in sub-committees in certain cases, and greater co-operation with certain partners on CFSP issues (with two partners aligning with many of the EU's foreign policy statements) and as regards the ESDP (with one partner participating in the EU's ALTHEA military operation in Bosnia and Herzegovina).

ENP partner countries have had a mixed **macro-economic** experience in the last two years. Some have experienced moderate to strong growth throughout the period, while others have recovered in 2006 after a sharp decline in growth in 2005. Certain countries have been hard hit by rising energy prices and in one case by the blockage of some traditional markets. The drastic decline in all economic indicators in the Palestinian Territories remains a case apart and a major cause for concern.

Progress has likewise been mixed in **fighting poverty**. Some ENP partner countries have made significant progress in strengthening social and human-resource development policies, though further sustained effort is required by all. At the other extreme, the situation in the Palestinian Territories causes grave concern. Education and health are being given increased attention in all partner countries. Most partner countries now have national sustainable development strategies in place.

Most partners have national **sustainable development** strategies in place or are in the process of reviewing them. National inter-ministerial structures exist in most cases, but they hold regular meetings only in a limited number of countries. A key challenge is therefore for most countries to activate the existing structures, in order to ensure a truly cross-sectoral approach to sustainable development.

Negotiations on **trade** are progressing with all Mediterranean partners (agriculture and services). Preparatory work is under way with Ukraine and Moldova (respectively “deep FTA” and autonomous trade preferences). Work on conformity agreements shows a promising start, while in the fields of customs or the economic regulatory framework, the ENP has made progress.

The ENP has been particularly useful with certain partners in addressing the shared challenge of **migration**. An agreement on readmission and visa facilitation was initialled with Ukraine in October 2006, and negotiations are being prepared with two Morocco and Moldova. Co-operation on combating organised crime, terrorism and drugs has also advanced in a number of cases.

Reform and modernisation in **transport, energy, public finance management, the information society, and the environment** is a challenging task, but has been pursued actively by most partners. Detailed technical dialogue, building on Action Plan priorities, has proved its worth. With the support of the Tempus programme, partner countries have pursued their reform and modernisation efforts in the area of higher education.

The reports also assess **how the EU has been supporting these efforts**, providing funding and sharing reform experience e.g. by providing technical advice, twinning and, progress towards opening EC programmes and agencies to ENP partners.

For more information on the European Neighbourhood Policy, including the full communication and the country progress reports

http://ec.europa.eu/world/enp/index_en.htm