

European Neighbourhood Conference of the Bertelsmann Stiftung, Berlin, Nov 27, 2014
Keynote by Dr Michael A. Köhler, European Commission, Brussels

Ladies and gentlemen,

- Let me invite you to take a moment to think about your geographical neighbours. By all accounts, Europe's neighbourhood has become a rather uneasy neighbourhood, in many cases quite far away from the **spirit of 'good neighbourliness'** that we would like to be mark of our partnership with them.
- The EU's decision to launch its European Neighbourhood Policy (ENP) in 2003 was inspired by more or less the same idea and aimed to create a **"ring of friends" around its new external borders** (2004 EU-enlargement). The overarching goal was to **foster stability, security and prosperity** in the region and to **avoid creating new dividing lines in Europe**.
- Under the ENP, financial, economic and political support was supposed to be provided in return for concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms. The presumption was that the EU would support political and economic transformation processes allowing the countries concerned to move closer to Europe.
- These goals of the Neighbourhood Policy were re-enforced through **Article 8 of the Lisbon Treaty** which calls to *"develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union."* The ENP would build both on the former Barcelona Process in the South and on the PCAs concluded with eastern partners ever since the 1990.

The ENP today (post 'Arab Spring' and post-Vilnius) – A burning 'Ring of Fire'?¹

¹ Ref. Jonny Cash's 1963 hit "Ring of Fire"© .

- Yet more than **ten years following the ENP-launch**, the EU – despite some successes - is **facing a ‘ring of fire’** on its Eastern and Southern borders.
- The situation in the region **remains unsteady and very volatile**, with **uneven progress regarding socio-economic and democratic reforms**. In several partner countries, progress is threatened by severe national and regional security challenges.
- In the South, **Libya** is in severe turmoil and the hopes following the 2011 **Egypt’s uprising** have been quenched by a military counter-revolution. Regarding the **Middle East Peace Process**, the situation remains very tense and Israelis and Palestinians are not stopping killing each other.
- In **Syria**, the bloody civil war has entered into its fourth year and the Syrian refugee crisis has dramatic consequences for the Neighbourhood region and beyond, affecting in particular the Syrian neighbouring countries (Lebanon, Jordan, Turkey, Iraq).
- Assistance of an **unprecedented scale** is required. The EU, collectively, has spearheaded the international response to the crisis with **over €2.9 billion of total budget mobilised**, but a long-term predictable support to affected countries is needed as consequences will last.
- In the **East**, Russian pressure on **Ukraine, Georgia, Moldova and Armenia** has impacted the EU’s ability to deliver on its regional objectives and forces us to re-think carefully our relationship with **Russia**. In addition, the security situation remains tense with a number of frozen conflicts in the region.
- The Vilnius Summit in November 2013 clearly signalled a **different uptake of the offer for closer ties with the EU. In this phase, we need to go for a rethinking of ENP. We have to find a way to respond with a more differentiated offer**: adapted to each country's specific situation, to their needs and priorities as much as to the common interests they share with the EU. The offer should be **realistic** (realistic deliverables, realistic timetables, realistic expectations), though not without ambition, and factor in the potential impact of the crisis in Ukraine.

The case for a ENP review

Ladies and gentlemen,

- Despite some successes (*AA and DCFTA agreements signed with Ukraine, Moldova, Georgia, encouraging democratic transition in Tunisia, socio-economic reforms in Morocco, mobility partnerships, ...*), recent developments have sadly demonstrated that it is **high time to adjust some parts of the ENP - the EU must find a way to help quelling the flames licking at its southern and eastern borders before a bushfire takes hold.**
- In fact, today we find at least four types of scenarios in Europe's neighbourhood: 1) countries pursuing a policy of approximation towards the EU and therefore "ENP schoolbook cases", 2) countries turning their back to the vision of European integration, 3) countries interested in good but rather sector-based partnerships with Europe ("so-called transactional relationships), and 4) countries in crisis, civil war or imploding states.
- At the same time, external players are ever more active, and have ever increasing influence, at least in parts of the neighbourhood, in particular the neighbours of the neighbours: Russia, Turkey, Iran, the GCC countries, some central Asian countries but also China. We need a strategy to take this reality into account and establish dialogue with at least some of them on the neighbourhood and each partner's interests.
- Therefore, European Commission President Jean-Claude Juncker has tasked Commissioner Hahn **to undertake a review of the European Neighbourhood Policy (ENP)**. Close cooperation between the European Commission (DG NEAR & other relevant DGs) and the EEAS – but also with all other European Union Institutions, Member States, partner countries and other key stakeholders – **including in particular think-tanks and civil society** – is crucial in this regard.
- It is important to **draw lessons from earlier reviews**, notably from the **ENP review in 2011** following the ‘Arab Spring’ uprisings. A rigorous evaluation of both lessons learnt and new political realities on the ground should form the basis for the review.

- A first question to ask is: Do we still need a common ENP as a one single umbrella for our partnership with so diverse country scenarios? We also need to ask if it would make better sense to develop different approaches for neighbourhood south and neighbourhood east, at least in the medium term?
- One of the **main challenges** is to come-up with **concrete measures** to improve the functioning of the European Neighbourhood Policy – how can we turn rhetoric into action? This may require **some creativity and imaginativeness in adjusting parts of the policy**, and to **develop new tools or make the ones we have work better**.
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- Therefore I very much welcome today's opportunity to speak at this conference and to **hear about your ideas and views on this review process**. We want to make this process **as inclusive and participatory as possible** and profit from a great variety of views, experiences and opinions.

No question should be taboo – now is the time to **put all the questions on the table concerning the future functioning of the European Neighbourhood Policy** and also **face some uncomfortable truths**.

In this context, I see three approaches to pursue

1. We should make better efforts to encourage our Neighbourhood partner countries to **formulate their own ideas for the European Neighbourhood Policy review** (individually and as a group), also for **regional and sub-regional cooperation with Europe**.
2. We have to take into account **Europe's** (legitimate) **interests in the region** and maybe be more outspoken about these.
3. At the same time, we should also **very carefully listen to what our partners have to say and to what they expect from our partnership**. If we want to contribute efficiently to the transformation of the region, we have to avoid falling into the trap of **being too 'eurocentric' in our approach** and should take into account the own interests of our partner countries - however without questioning our own EU values.

Which basic assumptions could guide us in the process?

- Experience has shown that **democracy will not appear overnight**. However, **successful consolidation of democratic transition has to remain a key priority for the renewed ENP**, even if the way is long and sometimes painful.
- In the South, we have to remain fully engaged. **Tunisia** has to become a success story for Arab transition to democracy.
- A successful transition process (economic stabilisation, implementation of agreed reforms) could send a strong positive signal to the entire Southern Neighbourhood. In a similar vein, the Eastern ‘front-runner’ countries (**Georgia, Moldova, and Ukraine**) should continue to be fully supported in their approximation efforts to the EU.
- True change can only come from **within the partner countries and their societies** – democracy and political reforms cannot be forced from the outside. That’s another **important lesson** the ‘Arab Spring’ experience and previous democratic transitions have taught us.

Ladies and gentlemen,

- We should finally begin to agree – EU and MS jointly - on a **clearer vision for relations with our neighbours**. We have **to be very clear in what we can (and want) to offer**: some of our ENP partners in both East and South truly want a closer association with the EU. Some, indeed, **want more than what we can offer today** (e.g. EU Membership). We have to find answers – and the right policy mix - for these partners.
- Within the EU, the efficiency of the ENP also depends on Member States' willingness to mobilise political will and resources for the purpose of the policy. The ENP review must be more than just the bickering with technical detail of a small number of EU instruments.

What are the challenges that we are facing?

- A larger number of partners do not - or not at present - want closer association in the way the Neighbourhood Policy has been presented so far. They are under pressure from their other neighbours, or are simply making other strategic choices. We must **reflect honestly** on how to build partnerships under these circumstances; including a **realistic assessment of the EU's potential influence and of our interests**. This calls for **more and better differentiation**: our offer needs to be better adapted to each country's specific situation, to their needs, priorities and aspirations as much as to the common interests they share with the EU. While the underlying principles and objectives of the ENP apply to all partners, the EU's relationship with each one of its partners is unique, and we will have to adapt our assistance according to their different developments and ambitions. We have to avoid creating new blocs or dividing lines but to propose 'tailor-made' case-by-case agendas and programmes for our partners.
- We also have to **look beyond our immediate Neighbourhood** and **involve the 'neighbours of our neighbours'** (notably Russia, Turkey; Gulf States, Central Asia, Iran, Mauritania ...). First steps in this direction have already been taken, e.g. when addressing jointly the consequences of the Syrian crisis (joint donor group meetings) or involving third countries in specific regional programmes (e.g. transport (TRACECA) or energy programmes). A **'broader' Neighbourhood approach** is needed and we should try to address common challenges (e.g. terrorism; migration, energy shortfalls...) in a joint and coordinated manner wherever possible. As an example, we recently organised (October 2014) a High-Level Meeting to **bring together European and International Financial Institutions (IFIs), Arab donors and key regional players** to discuss how increase efficiency and maximise the impact of our cooperation across the Southern Mediterranean. It provided an opportunity to think beyond immediate short-term crises and reflect on longer-term challenges and opportunities. Sixteen International, European and Arab Financial Institutions, bilateral agencies and regional organizations participated in the event and agreed to work towards policy coherence and enhanced aid coordination and greater involvement of partner countries in the definition and selection of the investment priorities.
- **EU cooperation and coordination with regional organizations and platforms**, including sub-regional groupings such as the Arab Maghreb Union, the Union for the

Mediterranean and the League of Arab States for the South and the Eastern Partnership for the East is crucial and constitute an important element to keep in dialogue and remain visible as a dialogue partner. Do we need a new format for the EaP? How can we reinvigorate the Union for the Mediterranean and how to dynamise cooperation with the League of Arab States?

- In light of the **very instable security situation** and the high number of open conflicts and crises in the region (e.g. Ukraine, Syrian crisis, Libya, MEPP), the reformed ENP needs to provide flexible, rapid and effective answers on security sector reform, stabilisation policies, and in particular the **management of crisis and post-crisis situations**. This requires also an **overhaul of our instruments and policy tools** and needs to be addressed in a **coordinated and comprehensive way by all our CFSP/CSDP instruments**.
- Our **EU funding instruments** need to be **further developed** and to become **more flexible** (e.g. start thinking about **flexibility reserves in the budget**) in order to cater better for these stabilisation and security-related needs. In addition we also have to **improve efficiency and effectiveness of the policy and financial assistance** – e.g. through setting up EU Trust Funds or the AMICI initiative to coordinate and mobilise further investment in Mediterranean countries. Moreover, the possibility to **mobilise other investors**, including business and the private sector, needs to be further examined. However, the ENP should not become a "water bucket" policy for new "fires", but the EU should also **build up medium and long term strategies jointly with its neighbours**.
- It is essential to enhance **ownership of the policy by partners** (including partner countries governments, local stakeholders and civil society); based on **common interests and shared values**. We need to have a meaningful dialogue with partner countries governments, economic actors (including small entrepreneurs) trade union, employers and other civil society actors.
- **Increased support and involvement of civil society** has been at the heart of the 2011 ENP review and we have to continue to provide the **maximum support possible to civil society organisations**. Civil society remains a **key actor** in promoting reforms and

holding governments accountable. Civil society also represents a crucial driver for change and democratic transition, and empowers citizens to express their concerns and to contribute to democratic policy making.

- The policy and its instruments need to be given maximum visibility both in partner countries and among target groups, and in the EU itself. This is a matter of policy credibility. We need a sea change in our visibility efforts and really invest in ENP communication and visibility.

2.4 The ENP as a joint task for both the EU and its Member States

Ladies and gentlemen – and now I’m addressing in particular the **numerous Member States representatives** that are joining us today:

- Let us be very clear – reforming the ENP is a **joint challenge** for the EU (European Commission/DG NEAR and the EEAS) and its Member States. The Lisbon Treaty framework allows the EU to adopt a joined up and more coherent foreign policy in its Neighbourhood. This requires the European Commission, the External Action Service and the Member States to espouse common objectives and agree on a common course of action. It is this common cause of action that we need, rather than theoretical discussions on whether ENP as a policy should stand alone or be considered part and parcel of EU foreign policy.
- We need **more and better coordination with Member States activities**. Close cooperation and exchange of information are crucial when trying to maximise our impact in the region and support our partner countries in their democratic transitions. In order to give ENP the clout it requires, we need between the EU and Member States
 - A common definition of objectives,
 - A common analysis of problems,
 - Coordinated decision-making,
 - Joint action, and

- Common visibility for our action.
- On the cooperation side, this entails developing mechanisms such as **EU Trust Funds** (e.g. Syria) which the EU would set up together with Member States. But also increasing efforts **towards joint programming is crucial in this regard.**
- In this context the question of **political priority is also important** (and today's conference with several EU MS ministries represented is a first step in this direction). The **ENP needs to become - and remain - a true priority of the EU's external policy:** not only our partner countries need to own the ENP, but also **our own EU Member States.** We need to discuss how **to mobilise EU and Member States resources together** to give out policy the clout it needs.
- **Achieving better visibility for our policy:** ensuring a much higher level for EU visibility needs to be a **joint EU and Member States effort.** We have to ensure that Neighbourhood citizens cannot be fooled about EU's resolve to put deed to our words in standing by them in difficult times of crisis and transition. We have to invest more in EU public diplomacy (also to better fight 'black propaganda' from opposing forces) – cooperation with the EU should become a more appealing prospect and make partner countries societies less prone to misconceptions about the ENP and our EU values.

Another challenge would be to communicate to EU citizens the need of financing external actions in our Neighbourhood, in a time where the EU itself needs to address internal challenges on jobs, growth, fairness and democratic change; and to develop convincing messages about the positive impact of these investments in our closest vicinity and in the EU. This requires a communication policy worth its name for the Neighbourhood, conducted professionally and using a variety of electronic and social media tools in a variety of Neighbourhood languages, all of which would require significant additional financial resources.

- **Last but certainly not least – let's talk about money! Lack of funding** for implementing the ENP remains a pressing issue and is putting the EU's (political)

credibility at stake. Against the background of the Syrian crisis (and possible reconstruction at a later stage) or the situation in Ukraine and Gaza we are facing a **huge financing gap** and the **2014-20 ENI budget is far too limited ('budget stability')** to cater for all these additional needs. This is aggravated by a **blatant lack of payment credits** which prevents us from using our EU Instruments to the full and severely undermines EU's credibility.

Thank you for your attention.