

cannot expand ad infinitum – everything has its limits. We must honour our present basic commitments, while strictly insisting on the criteria. One of these criteria is our own absorption capacity - it is clear that in some MS the pace and scale of enlargement is approaching the limits of what public opinion will accept. To overstretch, rather than consolidate, the Union would be detrimental not only for us but also our partners. These are all issues with which our leaders will struggle in Vienna in a few months' time.

So for us, today, the question in foreign policy terms is not really whether there is an alternative to enlargement. Continuing to view our neighbourhood from an enlargement angle is an unhelpful distraction, involving protracted and unanswerable discussions of whether or not country X or Y will, one day in the future, in a different political environment, have a realistic perspective of joining the EU. Many of those now asking for closer relations are not on track for membership or are very far from meeting its requirements. Remember the saying that one should not ask a question to which one wouldn't like the answer.

In talking about enlargement perspectives, we are getting ahead of ourselves. The real question on which we should all be working is instead how we can support **transition, as a goal in its own right**, perhaps the most important goal of all. How can we encourage prosperity, stability and security in our neighbourhood ? Or, in foreign policy terms, how will the EU pursue our geo-strategic interest in expanding the zone of prosperity, stability and security beyond our borders for our mutual benefit ? How can we use our soft power, our transformative power, our gravitational influence, to leverage the reforms we would like to see in our neighbourhood ?

Through the European Neighbourhood Policy (ENP), our newest foreign policy tool. The ENP is a virtuous circle, a policy based on shared value and enlightened self-interest: by increasing our neighbours' **prosperity, stability and security**, by projecting our prosperity, stability and security beyond our borders, we increase our own. In a very real sense, "by helping our neighbours, we help ourselves".

- **Prosperity.** A lack of economic prospects is linked to political unrest, radicalisation and is one of the factors pushing people to dangerous illegal migration. We address this through offering trade opportunities, support for macro-economic reforms, advice on investment-friendly business climates. By supporting the countries' own reform efforts, we also benefit the EU since our continued growth requires new markets.
- **Stability.** Lack of democracy, lack of respect for the rule of law, governance failures, all contribute to instability. We offer advice and support on relevant reforms and offer deeper relations to those partners who make progress towards good governance, for the benefit of their own citizens. Democracy cannot be imposed, but it can and must be supported.
- **Security.** ENP enables us to bring together various internal and external instruments more effectively, working with our neighbours to tackle new threats e.g. cooperation against terrorism, tackling the root causes of extremism, thwarting international organised crime, contributing to resolving conflicts. All of these issues are major concerns both for our citizens and for those of our partners.

The nature of these challenges, their proximity, as well as the need to help our neighbours to tackle them at source, is why we have, and must have, a European Neighbourhood Policy and why it is the main external relations priority for the EU. In this “period of reflection”, they are also a good example of the added value the EU can bring to its citizens, working on areas that it makes more sense to tackle as the Union as a whole rather than as individual Member States.

So how are we doing this ?

The importance, and novelty, of ENP is in providing a new strategic framework and tools for engaging with these neighbours on wide-ranging issues which are of mutual importance and which can only be tackled together. In the same way that the EU is something beyond the nation-state, the ENP is an example of our foreign policy being more than traditional diplomacy or any repackaging of traditional relationships. It is certainly not “old wine in new bottles” but, rather, a truly modern foreign policy, **harnessing and integrating instruments from across the spectrum** – from support for human rights to judicial reform to elections, support for institution-building, increased political dialogue and cooperation on crisis management. This is combined with palpable incentives from generous trade preferences to substantial financial and technical assistance, from support for education, the environment, judicial reform, to building energy and transport links with our neighbourhood, to a “stake” in our own internal market.

The ENP Action Plans, the backbone of the ENP, are **tailor-made** for each country’s needs as well as coherent with and complementary to other processes in which the countries participate, such as the Euro-

Mediterranean Barcelona process. Because they are negotiated with, rather than imposed upon, our partners, there is a greater sense of **ownership** – the Action Plans are in some cases being taken up as our partners' own domestic reform programmes, as well as helping structure those of other international actors.

The ENP is based on the same kind of **conditionality** which we have already used to promote reform. We agree reform priorities with our neighbours, setting out a path to a closer relationship. As our partners fulfil their commitments on rule of law, democracy, human rights, market-oriented economic and sectoral reforms and cooperation on key foreign policy objectives, we offer deeper political and economic integration with the EU.

- By deeper **political integration**, we mean more frequent and higher level political dialogue, reflecting the importance of our relationship, and assistance to further strengthen institutions protecting democracy and the rule of law. Also promoting our common foreign policy priorities like making multilateral institutions more effective and addressing common security threats such as terrorism, extremism and the proliferation of WMD.
- By deeper **economic integration**, we have an ambitious agenda. As well as the traditional forms of financial and technical assistance, which will now be targeted in particular at the priority reforms which our partners have agreed through the ENP Action Plans and at cross-border cooperation, we also have, thanks to our own experiences of reform and integration, a toolbox of proven methodology for supporting transition, in particular institution and capacity-building. These reforms will, inter alia, also help our

partners to take advantage of the enhanced preferential trade relations which we offer, as well as our support for WTO membership. We also offer gradual participation in some of our European programmes and agencies and, the most novel and far-reaching offer of all, a "stake in the EU's internal market". This will mean – as and when countries choose the sectors in which they want to access our market and then implement the necessary reforms to be able to benefit from it – that they gradually participate in areas such as transport, energy, telecommunications networks. One of our partners has already identified the key sectors of the internal market in which they are interested – their "stake" – Israel, which is interested in the high-tech and R&D sectors, including Galileo.

How are we doing so far ?

The ENP is still a relatively young policy, first mooted in 2003, with implementation of the first ENP Action Plans only beginning early last year. But during 2005 we have already seen the **first slender shoots of progress**, across a wide range of issues and actions, on which we will continue to build during the coming year. Many of these have been related to our citizens' most pressing concerns, including for example :

- **Migration.** How to manage the migration which we will need in future, while simultaneously tackling issues surrounding illegal migration, is already high on the EU's agenda. Last year's referenda clearly illustrated the fears of our citizens on these issues. Through the ENP, we have increased the intensity of our dialogue on migration, particularly with our southern neighbours.

Through the ENP Action Plans, we have a comprehensive and balanced approach, managing legal migration while preventing and fighting illegal migration, smuggling and trafficking in human beings. We are funding projects to strengthen our partners' institutional capacities, whether in Algeria, Moldova or Morocco, to improve their border controls, to upgrade their reception facilities for asylum applicants and refugees and to fight illegal immigration and people trafficking, as well as building institutions that enforce the rule of law and promote respect for human rights.

- **Security.** We have responded to the request of the Moldovan and Ukrainian Presidents by establishing a Border Assistance Mission along their shared border, to help to tackle trafficking, smuggling, customs fraud and, indirectly, also the TransNistria issue. Similarly, our border monitoring in Rafah will help to ensure the free and legal flow of goods and people as well as confidence-building. The ENP Action Plans currently under negotiation with the countries of the Southern Caucasus will address issues relating to Nagorno-Karabakh and to Georgia's internal conflicts. As well as the EU's political support for the Middle East Peace Process, we foster practical cooperation between Israel and the Palestinian Authority on issues such as trade, transport and energy, through their respective ENP Action Plans.
- **Energy.** Even before recent events involving Ukraine and Georgia, energy was an important component of the ENP. In pursuing our own strategic objective of ensuring energy security in the face of growing energy demand, we engage in energy dialogue with producers and transit countries – almost all our ENP neighbours.

We encourage close energy cooperation with these neighbours as well as regional cooperation between them e.g. in the Caucasus, where cooperation is essential both to secure energy supplies for countries like Armenia and Georgia and to make full use of the Caucasus corridor into the EU. Our support for energy market integration and for the development of transport infrastructure, including through feasibility studies, as well as for general stability in those regions, is one of our strategic goals, particularly in the Black Sea and Caspian Sea regions. The expansion of the mandate of the European Investment Bank to also cover Eastern Europe and Central Asia will also be important in this regard.

- **Democratisation.** We are establishing – with Jordan, Morocco and Tunisia – the first ever joint fora in which we can discuss democracy and governance issues and, when the new funding instrument comes into force next year, will have a “Governance Facility” offering extra financial assistance to those partners who make real progress in implementing the relevant reforms. We will continue to help to sow and nurture the seeds of reform across our neighbourhood - promoting good governance and open societies increases stability and security for all.

We are a “pole of attraction” for our region - countries along our borders actively seek closer relations with us and we, in turn, want closer relations with these neighbours.

Through the ENP, we respond to the desire of our neighbours – from the shores of the Atlantic to the Caspian - for closer relations, without entering into premature or unrealistic discussions about possible

eventual membership. We offer a privileged form of partnership *now*, irrespective of the exact nature of the future relationship with the EU.

It is still early days for the ENP, but we are already actively and pragmatically addressing the challenges. Of course, how far we get will depend not only on delivery by the EU on our commitments, but most importantly on our partners' capacity – with which we can help – and on their political will – for which no-one else can substitute.

The EU is committed to supporting reform and development in our neighbourhood. Through the ENP, we will work with our neighbours to promote their reforms, improving life for their citizens, as well as our own. Revitalising not only Europe but the wider neighbourhood, and working **now** to promote transition and integration.

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