



EUROPEAN UNION

DELEGATION OF THE EUROPEAN COMMISSION TO THE STATE OF ISRAEL

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The European Neighbourhood Policy and Israel



The European Neighbourhood Policy so far

In 2003-2004, the European Commission proposed a new foreign policy for the EU – the “European Neighbourhood Policy” (ENP), a framework policy to cover its eastern and southern neighbours. The EU's motivation in proposing such a policy is its interest in being surrounded by stable, prosperous neighbours. For the EU, supporting the political and economic development of its neighbours is the best guarantee for peace and security and long-term prosperity. Through the ENP, the EU wants to make a decisive contribution to helping those governments achieve their political and economic reform objectives, by offering to share the benefits of a deeper relationship. The neighbouring countries' interest is in benefiting, to the maximum possible, from what the EU can offer – economic stability and larger markets, reform experience and know-how, cultural and other contacts between populations.

The European Neighbourhood Policy is a special framework applying to the EU's relationship with its immediate neighbours to the east and south, sixteen countries which do not, or do not currently, have a perspective of eventual EU membership: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine¹.

The ENP is a response to the interests and wishes of the European Union's neighbours, from the Mediterranean to the Caspian Sea, for closer relations – a privileged form of relationship now, irrespective of what the future might bring. It is also a response to citizens' expectations, hopes and fears about the challenges of today's world

1. In the absence of a contractual relationship, the benefits of the ENP are not activated for Belarus, Libya or Syria.

“The European Neighbourhood Policy (ENP) is founded on the premise that by helping our neighbours we help ourselves. It provides us with a new framework and new tools for promoting good government and economic development in the EU's neighbourhood. And it utilises the valuable experience we have already gained of assisting countries in transition. It's also a way of responding to our neighbours' desire for closer relations with the EU, without entering into discussions of membership, thereby enabling us to build closer relations with them, irrespective of the specific nature of their future relationship with the EU.”

Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood Policy, October 2005

– globalisation and prosperity gaps, managing migration, safe borders, organised crime, counterterrorism and extremism, environmental damage and public health concerns etc – deriving from poverty, insecurity, migratory pressures and resource shortages in the shared neighbourhood.

The policy aims to create a virtuous circle by promoting good governance, economic and social development, modernisation and reform, through a new intensified relationship based on shared or common interests and values such as good governance, prosperity, stability and security; democracy, human rights and rule of law; market economy and sustainable development and reforms in key sectors. By benefiting from economic integration with the EU, neighbouring countries can more successfully implement their reform programmes and economic development policies. Building a prosperous and stable neighbourhood means developing sound political and economic systems, and solid foundations in terms of economic and social development and physical connections.

Reforms are interconnected – to promote trade and investment, both sides need to strengthen transport services and infrastructure links, while stronger judicial and regulatory systems will in turn contribute to a better business and investment climate. ENP seeks efficient and secure borders, promoting economic, social and cultural exchange, with-

out building a “fortress Europe” or creating new dividing lines.

Tailor-made

The ENP works by partnership and joint ownership of the reform process, based on agreed reform priorities, responding to the countries' needs and efforts. Through jointly agreed partnerships for reform – ENP Action Plans – short and medium-term reform priorities are identified across a wide range of subjects including:

- Political dialogue and reform;
- Economic and social cooperation and development;
- Trade related issues, market and regulatory reform;
- Cooperation on Justice, Liberty and Security;
- Sectoral issues such as transport, energy, information society, environment, research and development;
- The human dimension notably people-to-people contacts, civil society, education and public health.

Although the ENP Action Plans follow the same basic structure, the fact that these are negotiated with partners means that the content of each one is fully differentiated i.e.



country-specific, tailor-made for the political, economic and social situation and needs of that country and its relationship with the EU.

The list of reform priorities, and their sequencing, serves several purposes, both for the EU and partner countries. For partner countries, it is a valuable strategic document – in the case of Moldova, for instance, it has become the centrepiece of its domestic reform strategy and in the case of Jordan is closely linked to its National Programme. For the EU, it provides guidance for assistance in support of those reforms as well as clear indicators by which reform can be measured. For other international actors and donors, it serves as a useful blueprint of reforms to which the country has committed.

Integration - the key to success

What are the incentives for reforms? As the partners make progress towards their reform objectives as regards rule of law, democracy, human rights, market-oriented economic and sectoral reforms and cooperation on key foreign policy objectives, the EU offers deeper political and economic integration, going beyond the relationship normally offered to third countries.

Deeper political integration means more frequent and higher level dialogue, support for further strengthening of institutions protecting democracy and the rule of law, promoting common foreign policy priorities like regional

ENP: key developments

March 2003 - May 2004: the European Commission proposed the main lines of a Neighbourhood Policy and how it should work.

May 2004: the European Commission presented Country Reports on seven ENP countries.

June 2004: the 25 EU Heads of State and Government endorsed the Commission's Strategy Paper.

Remainder of 2004: the European Commission and those seven ENP countries negotiated ENP Action Plans based on the countries' short to medium-term reform priorities.

February – July 2005: these ENP Action Plans – for Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine – were adopted and implementation of the reforms began.

Late 2004 – late 2006: after presenting Country Reports on these countries in Spring 2005, negotiations for ENP Action Plans also with Armenia, Azerbaijan, Egypt, Georgia and Lebanon.

December 2006: European Commission issues a Communication on "Strengthening the ENP" and publishes progress reports for the seven countries, including Israel, which are already implementing ENP Action Plans.

June 2007: German Presidency Report on progress in "Strengthening the ENP."

All key documents relating to the ENP can be found at http://ec.europa.eu/comm/world/enp/index_en.htm

European Union

Candidate and potential candidate countries

European Neighbourhood Policy





cooperation, making multilateral institutions more effective, addressing common security threats such as terrorism, extremism, weapons of mass destruction etc.

Deeper economic integration means substantial EU financial and technical assistance for agreed reform priorities and cross-border co-operation, reforms which will inter alia help partner countries to take advantage of the generous trade access which is offered to the EU's internal market (as well as supporting their efforts to gain WTO membership).

The importance of the EU's relationships with the ENP partner countries is not in any sense novel. What is new in the ENP is a comprehensive and forward-looking vision of promoting political and economic reform, development and modernisation, including elements which are not offered to any other "third countries". This includes new forms of support to stimulate economic and social development, the possibility of participating in EU programmes and agencies and, most innovative of all, the possibility of further economic and trade integration.

How far and how fast a partner progresses in its relationship with the EU depends on its capacity and its political will to implement agreed reforms. Progress is supported by greater incentives and benefits. This means that as and when countries identify the sectors of the EU market which they want to access, and then implement (with EU help) the necessary reforms to be able to benefit from such access, they can gradually participate in EU-wide networks on transport, energy, telecommunications, education etc.

The ENP takes full account of existing relationships with these neighbours, whether Partnership and Cooperation Agreements (with eastern neighbours) or Association Agreements and the Euro-Mediterranean Partnership (with southern neighbours). In the Mediterranean, the ENP complements the pre-existing Euro-Mediterranean Partnership, the key multilateral element of the EU's relations with its southern neighbours, by offering additional country-specific incentives and opportunities as well as new tools and

working methods which will help to realise the potential of the Barcelona process.

By summer 2007, three years after the policy was first proposed, and barely two years after the adoption of the first ENP Action Plans, the policy is already showing early results. Usually, at this early stage of implementation of an ambitious new policy, it is difficult to demonstrate concrete progress since institution-building is, by its very nature, difficult to measure, but there is already political momentum and some real results:

- Implementation of the first seven ENP Action Plans (with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine) is underway, with experts from both sides monitoring progress through regular meetings. Several actions under the ENP Action Plan with the Palestinian Authority were put on hold following political developments during 2006.
- Adoption of ENP Action Plans for Armenia, Azerbaijan, Egypt, Georgia and Lebanon.
- Progress has been made on a number of issues of benefit to partners e.g. on trade facilitation for Ukraine, progress on energy issues with Algeria, Azerbaijan and Ukraine; Ukraine and Morocco's participation in the EU's ALTHEA military operation in Bosnia and Herzegovina; visa facilitation agreements with Ukraine and Moldova; a successful border assistance mission helping Moldova and Ukraine to improve customs operations on their shared border; improvements in food standards in Jordan; enhanced dialogue with some Mediterranean partners including, for the first time, on issues such as democracy, human rights and governance.

The EU is committed to supporting reform and development in its neighbourhood. Through the ENP, it works with its neighbours to promote their reforms, improving life for their citizens as well as its own. Success depends on the partner countries' capacity – with which the EU can help – but even more crucially on their own political will to implement their reform programmes. A first report on progress was issued in December 2006.

Israel and the European Neighbourhood Policy (ENP)

EXPANDING THE PARTNERSHIP

The Presidency conclusions of the European Council held in Essen, Germany in December 1994 stated that, "The European Council considers that Israel, on account of its high level of economic development, should enjoy special status in its relations with the EU on the basis of reciprocity and common interest." Shortly afterwards, in November 1995, the EU and Israel signed a Euro-Mediterranean Association Agreement. This entered into force in June 2000, replacing an earlier 1975 cooperation Agreement. Israel and the European Union also developed relations further in the context of the Euro-Mediterranean Partnership.

However, while the free trade arrangements for industrial goods and concessions for trade in agricultural products appearing in the Association Agreement were fully implemented and further developed, insufficient progress was made in developing other sectors of co-operation.

In December 2004, Israel was among the first wave of countries to agree on an ENP Action Plan with the EU. This has opened up new possibilities for further developing EU-Israel relations by setting out in more detail than the Association Agreement a comprehensive set of jointly developed priorities, with a programme over three years of specific activities to which both sides are committed. Hence, the Action Plan will help fulfil the provisions in the Association Agreement, which remains

the legal basis for relations, and will also to contribute to the fulfilment of the Essen Declaration.

New EU-Israel partnership perspectives under the European Neighbourhood Policy

- The perspective of moving beyond co-operation to a significant degree of integration, including through a stake in the EU's Internal Market, and the possibility for Israel to participate progressively in key aspects of EU policies and programmes.
- An upgrade in the scope and intensity of political co-operation;
- The opportunity to explore the possibility of approximation of economic legislation, the opening of economies to each other, and the continued reduction of trade barriers which will stimulate investment and growth;
- Targeted support and advice in certain areas where a need to align Israeli legislation with EU norms and standards has been identified and agreed upon. Targeted support and advice will be made available through a mechanism such as TAIEX (Technical Assistance Information Exchange – see pg 6);
- Targeted assistance to Israel of €2 million per annum (2007-2010) via the new European Neighbourhood and Partnership Instrument (ENPI), to support the implementation of the Action Plan priorities, mainly in the form of institutional cooperation (Twinning, see pg 6).
- Infrastructure investment support through the European Investment Bank (EIB). In December 2006 the EIB signed loans for a total of €275 million for environmental infrastructure projects in Israel and for supporting Israeli small and medium sized enterprises.
- Gradual opening to Israel and/or reinforced participation in relevant EU programmes which promote industrial, cultural, scientific, educational, and environmental links;
- Deepening trade and economic relations, extending them to cover the service sector, particularly financial services, and to provide the conditions for increasing investment and exports.

All key documents relating to the ENP can be found at

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

IMPLEMENTING THE EU-ISRAEL ACTION PLAN

Creation of sub-committees

Sub-committees are the principal vehicle for implementing the ENP Action Plan. They allow officials from Israel and the European Commission to meet regularly and discuss various subjects to work out detailed priorities, exchange views, inform each other about their positions and come to an agreement on contentious issues.

Ten sub-committees with Israel have been established:

1. Industry, trade and services
2. Internal market
3. Research, innovation, information society, education and culture
4. Transport, energy, and environment
5. Political dialogue and co-operation
6. Justice and legal matters
7. Economic and financial matters
8. Customs co-operation and taxation
9. Social and migration affairs
10. Agriculture and fisheries



"I would say that, indeed, Israel was the first country of the Neighbourhood Policy with which we introduced the Action Plan and I think you are among the first again that would like to go further within the framework of the Neighbourhood Policy.

This is a very comprehensive policy. I think that it is very important to say that there is this possibility, the element of differentiation. That means: each and every country has a chance to go further in the framework of the neighbourhood policy according to its own achievements, its own objectives, and our common understanding.

We have already done a lot. It is not only research and development. Israel is also now participating fully in the navigation satellite program Galileo, there are negotiations on the way on the liberalization of trade in services and agricultural products, and, indeed, we have just concluded the participation of Israel in the Seventh Framework Programme for Research and Development - thus, making Israel an integral part of the European research area.

But our relationship can become much broader and deeper, and I think the communication on the Neighbourhood Policy Action Plan that we have just made in general is, of course, also an offer to Israel. [We] will exactly see where there are interests from both sides and where we can enhance and in the future then also make a decision for next steps to be done. I am very happy about that and I hope that we can go on, on this very fruitful path. Thank you."

Benita Ferrero-Waldner, EU Commissioner for External Relations and European Neighbourhood Policy, Brussels, 5 March 2007

Exchanging Expertise and Information

The ENP uses the tools of Twinning and TAIEX to share expertise and information with the aim of eventually bringing those Israeli laws and regulations jointly identified by the EU and Israel in line with those of the EU.

Twinning

Twinning is a cooperation tool for a public administration in a partner country and the equivalent institution in an EU Member State. It aims to exchange best practice, to draft laws and regulations in the partner country modelled after the EU acquis (the body of EU legislation) and to reorganise institutional structures. A twinning project consists of sending a resident advisor (often supported by other advisors on shorter term missions) to a partner country as part of a process that lasts between one and three years. Twinning has proven to be a very effective tool for carrying out institutional and regulatory reforms.

Israel and the European Union have already identified data protection as well as public transport planning and management as appropriate areas for twinning projects. Identification of further projects is ongoing.

TAIEX: the Technical Assistance and Information Exchange Instrument

TAIEX, the Technical Assistance and Information Exchange Instrument, is a short-term tool to achieve the approximation of Israeli and European legislation as a means to opening the EU internal market to Israel. One of the ways in which TAIEX works is by sending EU experts to seminars and workshops to present and explain issues related to the acquis to a wider audience.

Scores of meetings, seminars and workshops have already been held in the TAIEX framework on subjects ranging from 'consideration of environmental risks to financial institutions' to 'human trafficking' and from 'extradition of fugitives' to 'intelligent transport systems'. Many more are in the pipeline.

Some Examples of ENP cooperation so far...

Combating Terrorism & Cross Border Crime

During the first year of implementation of the cooperation in the field of Justice and Home Affairs, particular emphasis was placed on the international response required in the fight against terrorism. In cooperating with all its partners the EU has stressed that the commitment to combating terrorism must be carried out in full respect for international law, including international humanitarian law, human rights, fundamental freedoms and the rule of law. Focus has been placed on a response to terrorism which must also address the factors contributing to radicalisation and recruitment and curbing terrorist access to financial and other economic resources.

Against this background, EU-Israel co-operation has substantially increased through a number of initiatives. In the fight against money laundering, the Committee of ministers of the Council of Europe gave a favourable opinion in January 2006 about the participation of Israel as "active observer" in MONEYVAL (Council of Europe restricted committee promoting the application of the FATF [Financial Action Task Force] standards in the fight against money laundering).

In February 2005, the Justice and Home Affairs Council adopted the decision to give a mandate to Europol to negotiate an agreement with Israel. Europol aims at improving co-operation between the competent authorities in preventing and combating terrorism, unlawful drug trafficking and other serious forms of international organised crime. EUROPOL is currently assessing Israel's Data Protection legislation.

The 75th INTERPOL General Assembly held in Rio de Janeiro in September 2006 approved Israel's application for membership in the European Regional Conference. This will enable European and Israeli specialists on investigation and prevention of any particular kind of crime to meet and discuss matters of common concern.

In March 2006, the EU hosted a seminar in Brussels on "sharing best practices on fighting terrorism financing", an issue of common concern, with the participation of the EU counter-terrorism Coordinator, high-ranking

officials from the EU institutions and the Israeli Government. The technical discussion covered a number of issues ranging from the Israeli experience in fighting terrorism-financing to different EU initiatives undertaken in this field, from the implementation of the FATF special recommendation on terrorism financing to Israel's and EU's relevant co-operation with third countries.

Israel also initiated contacts with the aim of developing co-operation with EUROJUST, whose main tasks are to improve coordination and co-operation between investigators and prosecutors dealing with serious international crime. EUROJUST already has contact points in several third countries including Israel. The European Commission and Israel have furthermore agreed to strengthen their cooperation in fighting cyber-crimes, by definition borderless, including through the development of Israel's co-operation with ENISA (European Network and Information Security Agency) which could help to prevent and respond to major network and information security problems.

Combating Racism and Anti-Semitism

The EU-Israel Action Plan includes commitments to promote protection of human rights and to co-operate in the fight against racism, anti-Semitism, xenophobia and Islamophobia. A seminar on racism, anti-Semitism, and xenophobia was hosted by the European Commission in Brussels in December 2006. At this meeting, Israeli and European ex-

perts tackled subjects such as fighting racism through education and contending with hate speech in the media.

Scientific and Technological Co-operation

Since 1996 when it joined the 4th Research Framework Programme (FP4), Israel has been one of only two non-European countries fully associated to the EU's research funding programmes and over time has constantly increased its participation and success rate in obtaining grants. Under the Sixth Research Framework Programme (FP6 - 2002-2006) Israeli research bodies participated in over 600 research projects in consortia with their European counterparts. The EU is now Israel's second biggest source of research funding. Scientific and Technological co-operation between Israel and Europe has brought a number of new opportunities for Israeli enterprises and research organisations. While Europe appreciates the technological excellence and the entrepreneurial spirit of Israeli enterprises, Europe offers complementary expertise as well as a huge market potential in close proximity to Israel.

Within the ENP framework, EU-Israel Scientific Co-operation is set to reach new levels with the July 16, 2007 signature of an agreement associating Israel to the EU's 7th Research Framework Programme (FP7). It is estimated that Israel will contribute around €440 million to the overall FP7 budget, of over €50 billion. With this agreement, Israeli researchers can participate in all calls for



"The European Neighbourhood Policy and the Action Plan between Israel and the EU, offer a very important foundation on which we can build the new model for our relations ... Important work has already begun in order to implement the Action Plan. For example, in the political chapter, cooperation started in the fields of counter terrorism, the reinforcement of cooperation in international organizations and the fight against anti-semitism. Just the same, there is a need to further enhance the Political Dialogue in order to further improve mutual understanding, to overcome misperceptions and to develop common tools needed to confront the political and security challenges.

More hard work is needed – on both sides - to make the most of the existing possibilities for the accession of Israel to European programmes and agencies in the various fields such as energy, space cooperation, environment, judicial cooperation, culture, youth and more....

The time has come to implement the Essen Declaration and to accelerate the discussions on the development of a new strategic model for future enhanced relations between Israel and the EU. This has to be based on the view that such a closer relationship is to the benefit of both sides and can contribute to the improvement of mutual understanding and trust.

I truly believe that the road should ultimately lead us to a significant participation of Israel in the European integration project."

Tsipi Livni, Minister of Foreign Affairs, December 11, 2006, Jerusalem

EU Commissioner for Research Janez Potocnik, (left) during a 2006 visit to Israel to present the Seventh Framework Programme, together with Minister of Industry, Trade and Labour Eli Yishai and Head of the Delegation of the European Commission, Ambassador Ramiro Cibrián-Uzal.



proposals under FP7 on an equal footing with researchers from the EU's Member States.

Speaking at the signing ceremony, EU Research Commissioner Janez Potočnik said:

"Israel's association to the Framework Programme has proved to be of mutual benefit for both sides over the last couple of years. Whereas the European Research Area will benefit from the renowned excellence of the Israeli research community, Israel will gain full access to the biggest research programme in the world."

Operating over a time span of 7 years (2007-2013) the Seventh Research Framework Programme is one of the biggest EU programmes. It allows for funding of collaborative research in strategic areas such as health, energy, information technologies, nanotechnology or transport. FP7 also stimulates the mobility of researchers through Marie-Curie grants. A new feature that will be open to Israeli scientists is the European Research Council,

which will fund the best new ideas emerging from Europe's science community, regardless of thematic area and without the requirement for multinational partnerships.

Israel is expected to play a crucial role in the FP7 programme. For example, it will be the only country outside of the EU associated with the 'Clean Sky' initiative, the major new public/private partnership proposed to radically improve the impact of air transport on the environment, with the goal of eliminating environmental pollution by reducing greenhouse gases. Israel will take part in this project through the Israel Aerospace Industries.

For more information on FP7:

<http://ec.europa.eu/research/fp7/>

http://www.eu-del.org.il/english/content/technology_section/3.asp

Economic and Business Cooperation

Competitiveness and Innovation Framework Programme (CIP)

Negotiations are underway for Israel's association to the Competitiveness and Innovation Framework Programme (CIP). With small and medium-sized enterprises (SMEs) as its main target, CIP aims to encourage the competitiveness of European enterprises. The programme will support innovation activities (including eco-innovation), provide better access to finance and deliver business support services. It will encourage a better take-up and use of information and communications technologies (ICT) and help to develop the information society. It will also promote the increased use of renewable energies and energy efficiency.

Business Dialogue

Plans are in place for the inauguration of the EU-Israel Business Dialogue. This will gather together Israeli and European business people in order to discuss common challenges facing the respective business communities and to approach decision makers.

Cooperation in Education and Youth Activities

Support under ENPI

Part of the €2 million per annum support for Israel under the European Neighbourhood and Partnership Instrument (ENPI), will

be devoted to, "support for activities in the field of higher education on priority areas of common interest, in particular with a view to approximation of education and training policies in a global knowledge-based economy, including workshops, exchanges and academic cooperation."

In its communication on 'Strengthening the European Neighbourhood Policy' of December 2006, the European Commission stated that cooperation under schemes like TEMPUS and Erasmus Mundus alongside policy dialogue on higher education and the exchange of best practice, will help to establish an "area of cooperation in higher education".

Erasmus Mundus

Israel participates in the Erasmus Mundus cooperation and mobility programme in the field of higher education which promotes the European Union as a centre of excellence in learning around the world. Among other actions, it provides EU-funded scholarships for third country nationals participating in designated Masters Courses.

College of Europe

Israel is included in a pilot project offering full study scholarships to university graduates from the 17 countries covered by the ENPI to study at the College of Europe in the academic year 2007-2008.

Euro-Med Youth

The Euro-Med Youth Programme is a regional programme that promotes the mobility of young people and the understanding between peoples through three types of actions: Youth Exchanges, Voluntary Services and Support Measures. It is open to the 27 EU Member States and the 10 Mediterranean Partners, including Israel. The third phase of the programme focuses on mobility, non-formal education and intercultural learning. In Israel, as in other Mediterranean Partner Countries, applicants for funding now apply directly to the national authorities, as represented by the Euro-Med Youth Unit (EMYU) that has been established, with the financial support of the European Commission, within the Ministry of Education. The first call for proposals under Euromed Youth III was launched in April 2007.



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