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**The Neighbourhood Policy of the
European Union: An opportunity for
Tunisia**

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

Institut Arabe des Chefs d'Entreprises

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Mr. President,

Ladies and Gentlemen,

I am very happy to address you today on the subject of the Neighbourhood Policy of the European Union and the opportunity it represents for Tunisia.

It is indeed timely to discuss this topic now. In just over three months, the EU will enlarge with 10 new Member States to the East and the South. This, the fifth enlargement of the EU is the biggest ever. The EU will grow by 23 % in size, 19 % in population and close to 6% in economic terms. We will get new neighbours to the east and come closer to our neighbours on the other side of the Mediterranean. This in turn will have substantial effects on the way the new EU relates to the rest of the world, especially our immediate neighbours, from Russia to Morocco.

Today, I would like to discuss with you four issues: the status of enlargement, its significance, the concept and content of the European Neighbourhood Policy and the opportunities this new policy brings for Tunisia.

1. The status of enlargement

Politically speaking, enlargement is largely achieved:

- The Accession Treaty was signed in April 2003 ;
- Referenda held in most acceding countries have shown a clear popular support for enlargement ;
- The ratification process has been successfully completed in acceding states and in most of the 15 Member States and
- The technical process is on track. The ten are putting into place the many times complex legal framework called for. They have already reached a very high degree of alignment with the EU legislation. **I am therefore confident that their accession to the Union on 1 May 2004 will take place under the best possible conditions.**

Through enlargement, a comprehensive settlement of the **Cyprus** problem has become a realistic possibility. The solution is already on the table since November 2002 with the UN Secretary General Annan's plan. I strongly feel this opportunity should be seized by all the parties concerned the soonest possible. A settlement before Cyprus joins the EU on 1 May 2004 would be in the interest of all Cypriots. It would also contribute to the stability of the Mediterranean region.

The present enlargement will not be completed in 2004. Accession negotiations with **Bulgaria and Romania** have been making considerable progress, and are part of the same inclusive and irreversible process. It is likely they will be finalised in time for these two countries to join the Union in 2007, thus meeting the objective we have set. I am confident this timetable is realistic, provided of course the two candidates keep up their efforts and the momentum of reforms.

Let me say a few words about Turkey. Turkey is a candidate for accession. In December 2002 we decided that by the end of 2004 we will assess if it meets the political criteria which have been set for joining the Union. If our assessment is positive, negotiations will start without delay. It is of course too early to judge what the outcome of this assessment will be.

What I can say today is that we are impressed by the progress of political and economic reforms in that country under the present government. Together with President Prodi, I visited Turkey last week. My impression is that the Turkish Government under prime minister Erdogan is determined to take the necessary remaining steps in terms of reform and implementation in the coming months in order to meet the conditions for a positive recommendation.

Of course, there is still considerable way to go. And we expect continuing support by Ankara for a settlement of the Cyprus problem.

I should add that the criteria for the accession of Turkey are the same that we have applied to the other candidate states. Religion is not part of them. On the contrary, a successful enlargement with Turkey would confirm our conviction that there is no inherent contradiction between Islam and our values. This is particularly important in the post-September 11 context, and for the Union's relationship with its southern neighbours, the Arab and the Islamic world.

To complete the picture, let me mention briefly the **Western Balkans**. These countries, as potential candidates, have been given a clear perspective of membership in the EU, most recently in the Thessaloniki summit last June. Croatia has already tabled its application and the Commission will issue its opinion in due time.

The Western Balkans are gradually leaving behind the bloody conflicts of the nineties. Important steps have been made in terms of political and economic reform. However, overcoming the heritage of this recent past and ensuring there will be no return to it, is still a major challenge for the region.

2. The significance of enlargement

It has been a long road since the Copenhagen decisions of 1993, when the present enlargement process started. But it has also been a road of **remarkable achievement** by the candidate states, in political, economic and administrative reform. It is this achievement that allows us to be confident that the enlargement will be a success, both for the new members and for the Union as a whole.

Nonetheless, the 2004 enlargement –as well as the next steps- will undoubtedly pose **a challenge to the Union**. Absorbing such a large number of new members will put strain on our institutions and our policies. Economic and social disparities within the Union will increase. Greater diversity will be a source of enrichment, but will also increase the need for cohesion.

We are addressing these challenges through further institutional and policy reform. We are continuing to work on a Constitution for the Union on the basis of the draft submitted by the Convention last June. We will also be addressing the implications of enlargement within the framework of the forthcoming discussions on the financial perspectives of the Union for the period after 2006.

Enlargement will also affect the **European Union's role in the world**.

- The bigger the Union is, the greater its global interests will be. We will have new neighbours and longer borders with old ones. At the same time, we will be getting nearer to zones of present or recent instability.
- Our weight on the international scene will increase and we will benefit from the foreign policy and defence assets of our new members.

- Greater diversity of interests and approaches among Member States will put greater demands on us in shaping and implementing a common foreign, security and defence policy.

Speaking with one voice and being capable of acting coherently and efficiently in foreign policy is a major imperative for the Union. This was shown in the most dramatic way last spring with the Iraqi crisis.

It then became clear that this issue was also related to enlargement. We are presently digesting this crisis and seeking ways to move ahead. I am confident we will succeed in this, as has happened many times in the past.

There is greater awareness today, among both old and new member states, that we simply have to move forward in the fields of foreign, security and particularly defence policy.

Enlargement will benefit not only the acceding states and the Union as a whole, but also **our neighbours and our other partners:**

During the past fifty years the European Union contributed decisively to transform a large part of our continent, previously ravaged by devastating wars and nationalist divisions, into an area of peace, freedom, integration and prosperity.

This major achievement was accomplished in full respect of the identity of our peoples and nations. This is why the EU is arguably the greatest success story in the second part of the 20th century.

The present enlargement will extend this area to cover ten and eventually more countries. In fact, this extension has already been broadly achieved during the run up to accession, though a major remaining task is the economic and social catch up of the acceding countries.

Expanding the area of peace and stability in Europe can only affect positively our broader neighbourhood and international security. Experience has shown that EU membership has a positive impact on relations between Member States and neighbours, not least by reducing uncertainty and insecurity.

Increased prosperity in an enlarged Union, based on functioning and open market economies, will generate opportunities for trade, investment and all-sided economic co-operation with third parties, first and foremost with neighbours.

This is the broad picture we must keep in mind. We shall work together with partners to ensure that the opportunities presented by enlargement will be seized. These opportunities are real, as has been shown also by previous enlargements. Within this framework we should also address problems arising from enlargement in our relations with the rest of the world.

3. The European Neighbourhood Policy: concept and content

Enlargement is the starting point for a new approach towards our relations with our neighbours. This is the European Neighbourhood Policy, to which I now propose to turn.

Why do we need a new neighbourhood policy and why is this issue of actuality today?

I already stated that enlargement is proving a success in expanding the area of **stability and prosperity in Europe**. However, **this area can only be sustainable if it also extends to our neighbourhood**. Achieving this is a crucial EU interest, just as it is of crucial interest to our neighbours.

We believe we can reach this goal by **promoting our shared values**, including those of rule of law, democracy and human rights, and by **enhancing economic development, interdependence and cultural links**. But also by **jointly addressing threats** –regional conflicts, terrorism, organised crime, illegal immigration.

A central element in our thinking is that the enlargement must not create new dividing lines. It reflects our own interest and not only that of our neighbours. So we will need to develop a policy that will allow us to seize the opportunities and address the challenges from the ongoing enlargement in our relations with our neighbours.

What is the content of our new Neighbourhood policy?

Let me first explain that this policy concerns relations with all the Eastern and Southern neighbours of the enlarged Union.

Relations with Bulgaria, Romania and Turkey are not included, since these are candidate countries. The Western Balkans are also excluded, since, as mentioned, these countries too have been offered a clear accession perspective.

Our aim is to build **special relationships with our neighbours, based on shared values and common interests**. The depth, quality and momentum of these relationships will reflect the will of both sides to promote these values and interests, as well as the interest and capacity of partners to meet requirements for economic integration.

We are prepared to work with our neighbours to **fully tap the potential of existing agreements, but also, where appropriate and mutually desirable, to go beyond them**. In the field of economic co-operation, we would be offering a stake in our **Internal Market**, i.e. the extension of the ‘four freedoms’, goods, services, capital and labour, as a long-term objective. Other priority areas, in our view, would be **Justice and Home Affairs, infrastructure networks and environment, and people-to-people contacts** in areas such as research, culture and education. The opening of certain **Community programmes** to citizens and institutions of neighbouring countries is also a possibility to be looked in.

Our idea is to prepare individualised Action Plans. The **Action Plans** would set the objectives for the development of our relations, short- and medium- term. They would include clear indications of the prerequisites for each step, and of the commitments by each side. A first group of Action Plans are being prepared. Our assistance programmes to neighbouring countries could then be adapted to reflect the priorities set out in the Action Plans.

An important component of the neighbourhood policy is **co-operation at the enlarged Union’s external borders including sea borders**.

For the period after 2006 we are considering an increase in our financial support and a substantial reform of the framework for such co-operation.

It is obvious that our neighbours differ largely. So do their relationships with us. Hence differentiation is a key notion in our neighbourhood policy.

Our relations also reflect different sets of common interests, and a different extent of values shared. With most of our neighbours there is a large specific 'acquis' of relations, which will be respected, not least because, as a rule, its potential is far from fully exploited.

At the same time, there are issues related to proximity which are largely common, or have a regional dimension.

In our relations with neighbouring countries, our approach towards values such as rule of law, democracy, human rights and economic reform is and should be consistent. The role of this dimension will of course depend on the nature and extent of our common commitments, multilateral and bilateral; it will also depend on the ambitions of our relationship. Nonetheless, there is a fundamental common element in our approach.

The European Neighbourhood Policy is based on joint ownership. Hence consultation with our partners, and agreement on the Action Plans is a central element of the exercise. This is the main purpose of my visit to Tunisia today. To present our ideas and to discuss them with your authorities. I have already been in Russia, Ukraine and Moldova and I intend to visit gradually all the countries concerned.

My impressions so far from all our partners is that there is considerable interest in the European Neighbourhood Policy and in some cases high expectations, but also, understandably, some uncertainty, questions and concerns, since we are at the beginning of a process. There is broad agreement that we must take full advantage of the potential of enlargement for our relations, while jointly addressing challenges resulting from it. There is also widespread interest in the prospect of participation in parts of the Internal Market. Most partners are particularly attached to the principle of differentiation.

4. An opportunity for Tunisia

We all know that Tunisia was the first Mediterranean partner to sign and implement an Association Agreement with the EU and that it started an ambitious economic reform programme which is well under way.

Indeed, it may sound a little audacious, or even frightening, to start speaking of new endeavours with Europe while Tunisia is still four years away from achieving free trade with the EU, and this at a time when many uncertainties weigh upon world economic forecasts.

Yet, History does not wait! Since enlargement is already happening today, improving relations between the enlarged EU and the closest neighbours cannot wait.

This is why we have started discussing the European Neighbourhood Policy first with those countries to the East and to the South which are more advanced on the road of economic and political association with the EU. Tunisia is part of this group and we have taken due note of the statement of the President of the Republic on 15 January in this respect.

Where do we start from?

I have already underlined that the European Neighbourhood Policy is not an operation we are building from scratch. This policy is meant to build upon the existing base: free trade, economic reform programmes, political dialogue, joint action in the field of human rights, democracy, migration, fight against terrorism and organised crime.

The more we already do in a joint fashion in these fields, the wider the basis for "Action Plans".

Within the existing Association Agreements and financial instruments (such as MEDA and FEMIP), we already have very significant instruments at our disposal to address the issues raised under the European Neighbourhood Policy.

Let me repeat that the European Union is prepared to work with Tunisia to fully tap the potential of the existing instruments and to consider how to use them as a potential for further steps. Such discussions will indeed have to bear on the type of additional commitments which Tunisia will be able and willing to enter with the EU, and which additional incentives the European Union will be able to offer.

We already know that all the European Neighbours cannot be addressed in the same way. They differ considerably from each other. So do their relations with Europe. Differentiation will as I already mentioned be a key notion in the European Neighbourhood Policy. Different "Action Plans" will reflect different sets of common interest and different magnitudes in sharing values.

The important feature to remember at this stage is the initial political intention of the European Union: to elevate its relationship with neighbours to a status as close as economically and politically feasible to the status of incoming members.

How close a given neighbour will want to be to the European Union will, in the end, be its own political decision. I am personally convinced that the closer the neighbourhood "deal", the greater the benefits for all those involved.

I am convinced that Tunisia has the potential of making a bold step in deepening its relations with Europe: it has a consistent economic policy, a good administration and it is developing a prospective view of its future. We are prepared on our side to give full support to the process of building a solid, long term partnership with Tunisia on the basis of shared values and objectives.

Thank you for your attention.