



European Economic and Social Committee

REX/133
New European neighbours

Brussels, 11 December 2003

OPINION

of the European Economic and Social Committee

on a

Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours
(COM(2003) 104 final)

On 3 April 2003, the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the:

Communication from the Commission entitled: Wider Europe - Neighbourhood: A new framework for relations with our eastern and southern neighbours
COM(2003) 104 final.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 21 November 2003. The rapporteur was **Mrs Alleweldt**.

At its 404th plenary session (meeting of 11 December 2003), the European Economic and Social Committee unanimously adopted the following opinion:

1. **Foreword**

1.1 Acting on its own initiative, the EESC began at an early stage to consider the configuration of relations with the countries that will border the EU directly after the forthcoming enlargement. From May 2004, the political map of Europe will change, which is also a cue for the EESC to start to realign its external relations. The urgency lies in the need to ensure as of now that no new dividing lines emerge in Europe, but rather that a common area of economic development and social progress is created.

1.2 The EESC also sees its role in this process as that of an active participant wishing to bring to bear the expertise it has gained through cooperation with the present accession countries and the contacts it has forged through specialised work with partner organisations in many countries in Central, Southern and Eastern Europe.

2. **Focus of the opinion**

2.1 In December 2002 the Copenhagen European Council not only decided in favour of enlargement to incorporate ten new Member States, it also recommended strengthening **relations with the neighbouring countries** to the east and south **of the enlarged EU**. The original moves towards concentrating on the eastern neighbours and Russia were abandoned in favour of a strategy encompassing all future neighbouring countries¹.

2.2 In its Communication of 11 March 2003, the **European Commission** followed this approach, while nevertheless defining different groups of countries and setting its own priorities. Its report focuses on the eastern neighbours and the southern Mediterranean region, whilst expressly excluding the western Balkan countries, and also Romania, Bulgaria and Turkey.

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This strategy covers the southern Mediterranean states, the western Newly Independent States (NIS) and Russia

2.3 Relations with the **five neighbours in south-eastern Europe (SEE)**², were mapped out at the special summits in Zagreb on 24 November 2000 and Thessaloniki on 21 June 2003 and also in the Stability Pact, and the agreed association strategy. The EESC is currently drawing up an opinion on this subject³ at the request of the Italian presidency.

2.4 Whilst appreciating the broader approach adopted by the European Commission, the EESC focuses its attention on the three "eastern neighbours", **Ukraine, Belarus and the Republic of Moldova**, as originally advocated in the request for an own-initiative opinion. In contrast with other neighbouring states, these countries have hardly been included in any thinking on transnational cooperation or strategy to date. Even the EESC has not specifically defined its position and options vis-à-vis these countries⁴.

2.5 For some years now, the **states along the southern Mediterranean** have rightfully come in for political attention and their own MEDA support programme under the **Barcelona Process**. The EESC regularly participates in this cooperation. At the Euro-Mediterranean Interministerial Conference held in Barcelona in 1995, the EESC was given the task of organising coordination between economic and social councils (and similar bodies). The EESC has carried out this task, and continues to carry it out, by organising an annual Euromed Conference, by drawing up papers on particular subjects and by developing bilateral relations with socio-economic organisations in the regions concerned. The EESC has also lent its support to the Commission in the latter's work on implementing MEDA projects. The present opinion will therefore not address the Euro-Mediterranean strategy in detail; for more information on this subject, reference should be made to the specific documents and activities relating to this field.

2.6 In its communication the Commission makes little reference to relations with the Russian Federation (RF). In response to a request made by the Council in June 2003, the three southern Caucasian states, Georgia, Armenia and Azerbaijan, which will, with effect from 2007, become neighbours of the enlarged EU on the eastern shore of the Black Sea, will be considered at the next stage.

3. **Essential features of the Commission's strategy with regard to neighbourhood policy**

3.1 The **main aim** of the EU's neighbourhood policy is to create an area of common values (peace, freedom, prosperity) and to provide an opportunity for enhancing Europe's economic, social and political potential. In return for political and economic reform, the countries concerned will be offered the prospect of a better stake in the internal market⁵ – based on the model of the European

² Croatia, Bosnia-Herzegovina, Serbia-Montenegro, Macedonia (FYROM) and Albania

³ REX/153 Study Group on the role of civil society in the new European strategy for the Western Balkans

⁴ Nevertheless, these issues have been touched upon in other work, such as relations with Russia, discussions on the Northern Dimension and in cooperation on the basis of the pan-European transport corridors, the latter since as long ago as the early 90s.

⁵ i.e. participation in the four freedoms (goods, capital, people and services)

Economic Area. Free trade and cooperation agreements, as are already in place with some of the states around the Mediterranean, would be an innovation for the neighbouring states to the east.

3.2 Clearly, the EU is interested in **securing its external borders**. Thus the new neighbours are to commit to joining the fight against illegal immigration, signing readmission agreements to this effect. Cooperation on justice and home affairs policy and the fight against organised crime and corruption are to be stepped up. In return, cross-border traffic is to be improved and freed up by means of local visa arrangements.

3.3 The existing basis of agreement involving **Partnership and Cooperation Agreements (PCA)** is not to be extended, but rather utilised to fuller effect. On this basis, action plans are to be drawn up for each neighbouring country or individual region, fleshing out the combination of reforms and access to the EU internal market in terms of concrete measures. The question of possible EU membership is deliberately left aside, that is to say, answered neither positively nor negatively. On this point account must be taken of Article 49 of the EC Treaty (Article 1(2) in the draft European Constitution) whereby the EU is open to all states " ... which respect its values and are committed to promoting them together."

4. **Outcome of the fact-finding visit to the Republic of Moldova, Ukraine and Belarus**

4.1 This **vision** for an EU neighbourhood policy has been discussed with representatives of **civil society organisations (CSOs)** and political circles in the Republic of Moldova, Ukraine and Belarus. The EESC's assessment is also intended to reflect their expectations of relations with the EU, the fears surrounding the new borders and the specific features of each individual country⁶.

4.2 **Brief description of the countries**⁷

4.2.1 In the Middle Ages, **Belarus** formed part of the Polish-Lithuanian Commonwealth. It was subsequently incorporated into the Tsarist Russian Empire, later becoming a Socialist Soviet Republic. Belarus declared itself an independent republic on 26 August 1991 but it retained close links with Russia, a country with which it has been negotiating a treaty of union for some time. Belarus is a member of the Organisation for Security and Cooperation in Europe. Belarus' guest status at the Council of Europe was suspended in 1997 as a result of infringements of the statutes. The EU and many individual EU Member States have since then cut back sharply their diplomatic relations with Belarus or broken off relations altogether.

4.2.2 Part of **Ukraine** also belonged to the Polish-Lithuanian Commonwealth and part of the Ukrainian National Republic, which has existed since the beginning of the 20th century, was a

⁶ The talks were held by a small delegation from the study group which travelled to Chisinau (Republic of Moldova), Kiev (Ukraine) and Minsk (Belarus) from 5 to 12 July 2003 (cf. DI 83/2003).

⁷ For further information see the appended survey.

founder member of the Soviet Union. After 1945 the borders of the Ukraine were extended to take in parts of Galicia and eastern Slovakia, North Bukowina, and, in 1954, the Crimea. Ukraine declared itself independent on 24 August 1991. It is a member of the United Nations and is involved in the activities of the Commonwealth of Independent States (CIS). It has been a member of the Council of Europe since 1995. It is not yet a member of the WTO.

4.2.3 The Principality of Moldau was annexed by Russia in 1812 and given the name of "Bessarabia". The Republic of Moldova has been an independent state since 27 August 1991. In 1994 the majority of the population of Moldova voted against merger with Romania. Since 1991, under the influence of the former Soviet Army General Smirnov, the eastern border region with Ukraine, Trans-Dniester, has demanded autonomy and there is now a situation of de facto division within the country. The Republic of Moldova is a member of the WTO and participates in the Stability Pact for Southeastern Europe.

4.3 **Basic assessment of the EU's neighbourhood policy**

4.3.1 The **most severe criticism** of the European Commission's approach came from **Ukraine**. Alignment with the EU has provided the impetus for reform uniting all levels of society in that country, although ideas on what such alignment entails do not always coincide. Most of the Ukrainian interlocutors called for greater recognition of Ukraine as a European country and an important strategic partner of the enlarged EU. The prospect offered to them was disappointing and unclear, as any form of reference to possible EU membership is avoided. Ukraine was, however, quick to see the positive side of the EU initiative and is now intensively engaged in tailoring to its needs the opportunities provided under the initiative.

4.3.2 For the Republic of Moldova, forging closer ties with the EU was a matter of survival, which it was desirable to achieve through full participation in the association process for SEE states. As admitted in a spirit of self-criticism, the PCA has not yet been adequately exploited. The Republic of Moldova would like a genuine opportunity to choose, or a more even balance in its dependence on its powerful neighbours.

4.3.3 **Belarus** has not yet decided whether to **align itself with the EU or with the RF**. The prospect of union with Russia is used by the president to manipulate public opinion, with implications in many areas of daily life. It is said that the EU has worked itself into a corner with its policy of distancing itself from Belarus and much ground needs to be made up in bringing the democratic ideas and values of the EU to ordinary people. It would be a mistake to equate Belarus with **President Lukashenko**, one expert commented. In the meantime, conflicts between Belarus and the Russian Federation are developing to an increasing extent.

4.4 Economic expectations⁸

4.4.1 The **Ukrainian economy** has shown high growth rates (9.1% in 2001) and a dramatic fall in inflation (from 28.2% in 2000 to 1.2% in 2001). The country also has good potential, both in terms of raw materials and fertile soil, and in terms of well-educated human resources. Many interlocutors in Ukraine now fear that the forthcoming eastward enlargement of the EU will bring their country **more disadvantages than benefits**. At least for a certain period, trade relations with today's accession countries will be significantly disrupted. New tariff and non-tariff barriers, as well as the Schengen Agreement with strict border controls and visa requirements, have dramatically restricted the largely free movement of people and goods between Ukraine and directly neighbouring states which prevailed previously.

4.4.2 The **Republic of Moldova** is still **economically dependent** on the RF, even after achieving independent statehood. 98% of natural gas consumption is imported from Russia and, owing to a lack of money, is paid for through the sale of shares in (state) enterprises. Other than that, there are virtually no foreign investors at present. With its low growth and high rate of inflation, Moldova has become the poor man of Europe. More than half the population live under the \$US 2-a-day poverty line. An estimated 70% of net economic output is produced in the **shadow economy**. Most Moldovan interlocutors fear further negative repercussions from EU enlargement, especially with the prospect of Romanian accession, since this would render more difficult the key economic relations between Moldova and Romania.

4.4.3 **The economic situation in Belarus is deteriorating** alarmingly. Before 1991 the country was considered the "assembly plant of the Soviet Union", particularly for armaments and precision engineering, with a correspondingly high standard of living. The economic policy of the ruling regime, which rejects any kind of "Western modernisation", has led to a critical brake on investment. 80% of industrial facilities have effectively been written off, according to an expert based in Minsk. This makes it impossible to make use of the potential, which certainly exists, or of the country's geostrategically favourable location (transit country for Russian energy supplies to the West and for goods exported to the East). Commercial and economic relations with EU Member States are at such a low level that the shift of the EU's external border will have an economic impact on the border regions first and foremost, doing little to change the overall situation.

4.5 Securing the borders and illegal immigration

4.5.1 "What interest would we have in securing the EU's external borders?" This question is symptomatic of the attitude to what the EU clearly reveals to be one of the priorities of its policy. The **border issue** calls for greater understanding and a broader vision.

4.5.2 The key problem is the burgeoning trend in **emigration**, mostly among skilled, younger people. According to a number of coinciding estimates, more than five million Ukrainians

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For further information on the economic situation, see the state-by-state survey appended to this document.

alone are thought to be living and working abroad illegally, often pretending to be returning tourists, especially in the Russian Federation and in the EU, with marked concentrations in Italy and Portugal. These expatriate Ukrainians send a good billion euro every year to their families back home. A similar pattern can be seen in Belarus and Moldova. There is an urgent need for a joint approach to clarifying the status and future of these illegal immigrants. These problems cannot be solved through the use of readmission agreements.

4.5.3 The extent of **human trafficking** and enforced prostitution, including child abuse, organised on a cross-border basis, is inestimable and simply unacceptable. Moves towards cross-border investigation and the protection of victims must be at the very top of the EU's list of priorities.

4.5.4 Securing the external borders in line with the Schengen Agreement must have the least possible detrimental effect on local border traffic, economic relations and freedom of movement in general. There is also a feeling amongst the countries concerned of being left to cope on their own with the problem of **would-be migrants from third countries** refused entry at the new external borders of the EU as a result of stricter controls; the protection of these migrants constitutes a humanitarian problem.

4.6 **Work of civil society organisations⁹ and their expectations of relations with the EU**

4.6.1 In all three countries there is a **comprehensive network of civil society organisations**, the largest number being in Ukraine, where over 20,000 are thought to be active at local, regional and national level in a range of areas. Even in Belarus there are estimated to be some 3,000, of which 2,000 are legally registered. Figures by themselves do not, however, provide much information regarding the level of importance and independence of these organisations or their rights. Few of them are able to finance their operations from members' subscriptions. There is, however, a number of significant players¹⁰ in each country.

4.6.2 **Labour market organisations** bear the characteristic traits found in the current accession countries past and present. However, it should be said that in Belarus large parts of the reformed former state trade unions have fallen under the sway of the presidential administration and are no longer independent. Associations of private enterprises are still on the small side and there is little evidence of sectoral working structures. Chambers of trade and industry are very active and have become indispensable as a conduit of foreign trade relations. Cooperation between the organisations works reasonably well.

4.6.3 It was a matter of agreement and great importance for all interlocutors to organise a **practical exchange of experience** with civil society organisations and institutions in the EU. The

⁹ A precise description of civil society organisations should be commissioned with a view to preparing the symposium referred to in point 7.2.4. below.

¹⁰ At the time of the fact-finding trip, there were moves afoot with the clear purpose of repressing the central NGO body in Belarus which serves as a resource centre for other organisations in rural areas.

need for information was great and covered a wide field, ranging from associative structures, economic contacts, background information on companies, dialogue and negotiation structures to issues such as youth policy, consumer policy, e-learning etc.

4.6.4 The EESC was largely unknown, and its work and the opportunity to establish contact elicited all the more interest for that. The development of **regular relations with the EESC** was explicitly welcomed, first and foremost because the institutional framework and cooperation of all civil society players, in a single forum at European level, hold out the promise of easier access to these players.

4.7 The EU's support policy

4.7.1 The verdicts on experiences with the EU's support policy, especially TACIS, were mixed, and in some cases, very critical concerning the **burden of bureaucracy**, particularly before projects get underway. There was a desire to see more support for developing infrastructure and **institution building** itself, and not only for reinforcing such institutions' relations with the government, and more cross-border cooperation, especially with local and regional bodies. Key points were the lack of durability, due in part to the short-term nature of support or – especially in the case of Ukraine – the lack of more individualised support along the lines of the PHARE programme.

4.7.2 In addition, the representatives of civil society are very interested in the further development of contacts (as promoted by TAIEX in the case of the accession countries), in a regular exchange of experience (as promoted by TWINNING) and in involvement in European dialogue structures. This is dealt with in more detail in section 6 entitled "Recommendations".

5. Specific comments by the EESC

5.1 Access to the internal market of the EU and reforms

The Commission's offer of closer economic cooperation and the endeavour to provide a uniform basis for all neighbouring countries are positive steps, as is the strategy of seeking to achieve tangible success rapidly through the use of annual action plans. This approach does, however, have little to do with the imparting of EU values and genuine moves to bring conditions more into line with the EU social model. The lessons should rather have been learned from the current accession negotiations that the **social and democratic dimension** forms part of integration policy. There are a good many reasons for adopting a far-sighted approach to the use of the principle of conditionality. On the one hand, the prospect of market access has a limited impact on the introduction of internal reforms whilst, on the other hand, there is a perfectly good case to be made, in the event of conditions not being fulfilled for giving support to those advocating reform, rather than calling a complete halt to activities.

5.2 European Economic Area option

5.2.1 The option, suggested in the Commission's communication, of setting up a European economic area, along the lines of the current EEA, does **not represent a suitable model** for the EU's neighbourhood policy. The specific features of the EEA are the full implementation of internal market rules and the capacity to monitor these, while having only a very limited influence on the EU's political decisions. The present EEA countries have competitive economies and stable political and social systems and have decided of their own free will not to join the EU. The EEA option is illusory for the eastern neighbours: if they met the requirements, they could just as well become Member States. If they do not meet the requirements, access to the single market would be one-sided or explosive for their economies, with a great risk of social dumping and distorted competition.

5.2.2 It is true of all three countries that their production structure and trade conditions rule out a unilateral alignment with the EU market at present. Russia is indispensable for certain products, such as agricultural produce and energy. They are therefore forced by objective circumstances to adopt a twin-track approach, finding their own **balance between their trading partners**. The extent to which the establishment of a common economic area, comprising the RF, Ukraine, Belarus and Kazakhstan, under the Yalta Agreement of 19 September 2003, could, in principle, conflict with closer ties with the EU is at present unclear.

5.3 The question of EU membership

The idea that it would be possible to avoid the question of EU membership has turned out to be an illusion. All attempts to formulate a definition of "neighbourhood" which excludes any observations on the subject of membership have tended rather to be regarded as provocation than as a means of helping to clarify the situation. It would be better if this question were addressed openly. Even though the EU should first deal with the current enlargement, this is, however, compatible with the requirement of keeping the door open in principle (see point 3.3 above). This approach will allow these countries to play a **stronger role in European integration and** it also provides an important impetus for reform. Developments over the next few years will be of crucial importance to this fundamental question.

5.4 The Eastern Dimension

In the course of discussion on the EU's neighbourhood policy, Poland made a name for itself with a new approach for EU external policy. Its blueprint for an "Eastern Dimension" refers to Belarus, Ukraine and the RF, basically calling for more intensive work on the imminent problems of the new borders and for closer contact and links with these states. In this respect, the term "Eastern Dimension" means **calling upon the EU to make this issue a focal point for its external policy in future**. Despite the fact that the underlying situation in these countries is similar, there are many good reasons for organising relations with these countries on an individual basis.

6. Recommendations in respect of the individual countries

6.1 Particular recommendations for Ukraine

6.1.1 Among the eastern neighbours, **Ukraine** is perhaps the country most affected by eastward enlargement of the EU and at the same time the most advanced economically. It will be able to fully realise its **role as the driving force** in the eastern neighbourhood region of the EU if further progress can be made towards an independent legal system and a parliamentary democracy. **Far-reaching economic reform** and the harmonisation of norms and standards with those of the EU are also of crucial importance to this process. The outstanding problems – which, according to the European Commission, are more of a technical nature – standing in the way of recognition of Ukraine's status as a market economy, and its admission to the WTO, should be resolved as soon as possible.

6.1.2 The EESC welcomes the plans, by both the Ukrainian side and the EU side, to draw up the action plan for 2004 without delay. The EESC also calls for a transparent approach and for consultations with the Ukrainian civil society organisations (CSOs). The EESC is acting on the recommendations of the European Parliament by **upgrading its relations with Ukraine**. This should also involve laying the ground for closer trade relations and examining the possibility of visa-free local border traffic between the enlarged EU and Ukraine.

6.1.3 The EU should take on those elements of the PHARE programme which can be applied to Ukraine, so as to help speed up the transformation process.

Special attention should also be paid to the Carpathian Euroregion (western Ukraine) and to improving the aid provided for cross-border, inter-regional cooperation under the Community's INTERREG IV programme.

6.2 Particular recommendations for the Republic of Moldova

6.2.1 **Finding a solution to the Trans-Dniester dispute**, which effectively divides the country in two, is ultimately a prerequisite for many other political and economic development projects. The EU should step up its commitment to finding a rapid solution to the conflict and it should promote coalescence.

6.2.2 In principle, the same **political and economic reforms** as in Ukraine are urgently needed in Moldova. Corruption born out of poverty often stifles any private enterprise. Despite the highest rate of support per inhabitant, it is clear that little has changed in structural terms or in the political climate.

6.2.3 More attention should be given to promoting civil society organisations (**CSOs**). They can make a major contribution to solving the problems mentioned in the previous point, in particular the fight against corruption.

6.3 Particular recommendations for the Republic of Belarus

6.3.1 The **Commission's action plan** for future neighbourhood policy with Belarus should make free access to all information and support for an independent media a clear priority.

6.3.2 The Commission should turn the Minsk "branch office" of the Kiev delegation, which under the circumstances has done sterling work as a "bureau for the implementation of technical assistance", into a **fully-fledged delegation**. More press and public relations work is called for, particularly in the run-up to the forthcoming parliamentary and presidential elections.

6.3.3 The promotion of democratic structures and civil society organisations requires insider knowledge and contacts in the country. It is particularly true in the case of Belarus that the groundwork for TACIS projects with this objective cannot get underway without **preliminary meetings of the partners** involved. In this respect, the EU's limited relations with Belarus have resulted in much ground needing to be made up with regard to communication and mutual understanding.

6.3.4 The EESC welcomes the more rigorous stance on human rights violations in Belarus, both through the EU's general tariff preferences and through the introduction of a mission of inquiry procedure by the ILO.

7. General recommendations

7.1 Recommendations for the European Commission, the Council and the European Parliament

7.1.1 The EESC welcomes the Commission's intention, confirmed in July 2003, to enhance political and economic relations with the eastern and southern neighbours of the enlarged EU and to increase offers of cooperation, not only in the economic sphere, but also in home affairs and legal harmonisation. As regards moves to facilitate access to the internal market of the EU, the EESC recommends a **proactive strategy**, backed up by adjustments to comply with technical standards and integration of the transport, energy and telecommunications networks. Support should also be provided for the adjustments required to enable the countries concerned to comply with the legal and administrative prerequisites for promoting business activity, e.g. with regard to provisions in respect of intellectual property rights and rules of origin, and to enable them to bolster skills in the field of public administration.

7.1.2 The proposals for the practical implementation of these objectives within the European Commission are less convincing. Cooperation across DGs is valuable, but only if political responsibility and the **capacity to act** are strong enough and clearly defined. Both African and European states are subsumed under the label of "Wider Europe". The EESC recommends separating the regions referred to as "eastern neighbours" and "southern Mediterranean" so as to do better justice

to the specific features of these countries, and in particular to the already established objectives of the Euro-Mediterranean strategy.

7.1.3 The EESC recommends concrete projects in the following areas as a **matter of priority**:

- making the establishment of independent CSOs and the development of the civil dialogue key areas for support; strengthening the social partners and the social dialogue, in particular also at enterprise level;
- actions to support the development of sound conditions for business and market economy reform, as well as preferential trading relations and instruments for investment promotion and protection;
- people-friendly arrangements to promote the free movement of people on the EU's new external borders, impeding links between the "new neighbours" and the new Member States as little as possible. Every effort must be made to prevent the emergence of new walls.¹¹
- increased cross-border cooperation to combat human trafficking and international crime;
- measures to combat corruption, which is, inter alia, a key barrier to foreign direct investment; the support provided by independent civil-society organisations plays a vital role in this context;
- transitional solutions to the problem of illegal migrants from these border countries who are living in the EU¹²;
- joint strategies for combating infectious diseases (HIV, tuberculosis);
- environmental cooperation projects;
- projects to promote cultural, scientific and educational exchanges, backed up by opening of certain EU agencies to participation by interested neighbouring countries¹³;

11 One possibility could be the introduction of permanent visas with or without a nominal fee. Experience gained with the arrangements in respect of the Finnish-Russian border demonstrates that this system is perfectly compatible with the status of a "Schengen frontier". Agreement has recently been reached on the introduction of free of charge visas in respect of border traffic between Poland and Ukraine, Hungary and Ukraine and also Kaliningrad. In the meantime a proposal relating to local border traffic has also been presented by the European Commission, which is a move in the right direction.

12 An agreement has recently been concluded between Ukraine and Portugal on the authorisation of limited periods of residence for Ukrainian workers. Portugal and Greece have each now concluded bilateral agreements on immigration quotas with Ukraine.

13 The Turin based European Training Foundation (ETF) has included the three countries within the scope of its work since its establishment in the mid-1990s.

- an improved EU information policy with the opening of Euro-Info centres and support for the work of the independent media, which could include exchange programmes for journalists;
- as a complementary measure, the provision of information on EU member States should be stepped up.
- the introduction of cross-border cooperation programmes between the accession countries and the "new neighbours", especially in the field of education and training and economic and civil society cooperation.

7.1.4 The European Commission promises a new funding instrument for neighbourhood policy from 2007. This must overcome the practices currently applied under the TACIS programme, which are too bureaucratic and too far removed from the real needs of society in the countries concerned. The EESC suggests supporting certain projects (infrastructure, environment, education) on the one hand, and encouraging the development of independent civil society organisations and their cooperation with partners in the EU on the other. Cooperation projects should focus on themes such as encouraging entrepreneurship and innovation, economic transparency and the fight against corruption, promoting social dialogue, combating all forms of discrimination, gender equality, strengthening local authorities, protection of the environment and fostering cultural heritage and cultural diversity.

7.1.5 The EESC recommends linking the national action plans and neighbourhood policy projects together and listing them in the context of the annual revision of the action plans. Financial support could then be linked to a medium-term reform programme. **Annual progress reports** would ensure greater transparency and better monitoring of the success achieved. These should also be subject to **consultations** within the countries concerned, and not just in the respective forums and joint committees with the EU. However, such an approach requires developing a relationship of trust and ensuring that the objectives of neighbourhood relations are not dictated unilaterally by the EU.

7.2 **Recommendations for further work in this field by the EESC**

7.2.1 The structured dialogue carried on for many years by the EESC with partner organisations in the acceding countries, particular regions (ACP, MERCOSUR) or bilaterally (China, India) is bearing fruit. This instrument should also be used with the three eastern neighbours in the form of "**liaison committees**". This could be acted upon immediately and preparations made in the longer term for the establishment of Joint Consultative Committees (JCC), which may, in principle, be established under the existing PCAs.

7.2.2 To alleviate the obvious information shortfall, access to EESC documents and publications available on the **Internet** should be provided in particular for interested parties in those countries. Special attention should be paid, in this context, to environmental and consumer protection associations, which have had little opportunity to develop freely up to now.

7.2.3 In addition to its work on the establishment of strong organisations and an effective social dialogue and civil dialogue, the EESC should address, in particular, the subject of **tackling illegal migration**, a subject on which it already put forward key proposals in June 2001¹⁴.

7.2.4 The establishment of close contacts between the EESC and CSOs in the neighbouring states to the east of the EU is a long-term task; such relations will be substantially enriched by the knowledge and contacts brought to an EU-wide strategy by the new EU Member States. The first step which should be taken is to hold a **symposium at the EESC**, modelled on the conference with the accession countries and including representatives from the RF, to garner further suggestions for the future configuration of relations with the EU. If possible, this should be held in Brussels **in autumn 2004**.

7.2.5 Wherever possible, **the EESC and the European Parliament** should cooperate more closely and promote the exchange of experience between the respective liaison committees.

7.2.6 The next steps to be taken by the European Commission and the Council will concern, above all, the concrete **action plans**. The EESC can make an important contribution to this work and it should participate in an appropriate way.

7.2.7 As an institution representing organised civil society in the EU, the EESC should encourage national organisations in the Member States to establish contacts with civil society in the countries concerned with a view to strengthening democratic and social development.

7.3 Further recommendations

7.3.1 The Organisation for Security and Cooperation in Europe (OSCE), the Council of Europe and the United Nations are carrying out important work in the countries under consideration. The EU should gear its activities to the work carried out by these organisations.

7.3.2 The neighbouring countries of the enlarged EU will progress towards the EU average that much quicker the more they are able to benefit from private direct investment and long-term loans. These countries should therefore have direct **access** to the **funds of the European Investment Bank (EIB)**. There is also a need to boost scope for action on the part of the European Bank for Reconstruction and Development (EBRD).

7.3.3 The EU should provide a stronger counterbalance to the policies of the International Monetary Fund (IMF) and the World Bank by highlighting ways of achieving **socially-balanced reforms** and, in particular, by supporting the reform of social protection schemes. For their part, the World Bank and the IMF should also be reminded of their duty to strengthen labour market organisations and civil society organisations. This action should be carried out in close cooperation with the EESC, other EU Institutions and the International Labour Organisation.

¹⁴ See OJ C260 of 17.9.2001, page 104

8. The role of the Russian Federation

8.1 The future of the states of Belarus, Ukraine and the Republic of Moldova is influenced to a decisive degree by the relations between these states and the RF. For this reason – but also because of fundamental considerations, taking account of the importance of the RF – the EU should be interested in closer cooperation with the RF and should further extend its relations with the RF. The EESC should also take account of these requirements in its work and should step up its contacts with organisations in the RF.

8.2 On the basis of the revised Partnership and Cooperation Agreement (PCA) and the "common strategy" of the EU and its Member States towards the RF, the EESC should also set out its ideas in an opinion of its own. In addition to the goal of promoting cooperation at civil society level and creating a deeper understanding of each other, we should also be supporting the process of reform in the RF that will take place if, say, it joins the WTO. The proposed symposium in autumn 2004 (see point 7.2.4 above) will, of course, include representatives from the RF and could serve as a starting-point. A "round table" similar to that held, for example, with India, would be a possible work platform for further measures and for putting EU-RF relations onto a permanent footing.

Brussels, 11 December 2003

The President
of the
European Economic and Social Committee

The Secretary-General
of the
European Economic and Social Committee

Roger Briesch

Patrick Venturini

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N.B.: Appendix overleaf

COUNTRY PROFILE: UKRAINE	
<i>Basic data (June 2003)</i>	
POPULATION:	49.5 Millions (2002), 51.5 Millions (1995)
LIFE EXPECTANCY:	Women: 72.8 years; Men: 61.6 years
ETHNIC GROUPS:	Ukrainians (73%), Russians (22%), Others (5%)
CAPITAL:	Kiev (Kyiv): 2.6 Mio inhabitants
TERRITORY:	603,700 km ² (largest European country, not counting the Russian Federation)
DENSITY:	85 inhabitants / km ²
INSTITUTIONAL AND POLITICAL FACTS	
CONSTITUTION:	Adopted in June 1996
FORM OF STATE:	Presidential-parliamentary Republic
HEAD OF STATE:	Directly elected President with 5-year term: Leonid KUCHMA (since 1994, reelected Nov. 1999)
GOVERNMENT:	<ul style="list-style-type: none"> ▶ Prime Minister: Viktor YANUKOVYCH; ▶ Foreign Minister: Konstantyn GRYSHENKO
PARLIAMENT:	One chamber: RADA with 450 members, elected for a 4-year term
MAIN POLITICAL PARTIES:	<ul style="list-style-type: none"> ▶ "NU" = "Blok Nasha Ukraina" (Cons.-liberal): 112 ▶ "ZYU" = "Blok Za Yedim Ukrainu" (Centrist): 102 ▶ "KPU" = "Kommunist tychoo Partija Ukrainy": 66
INTERNATIONAL AFFILIATIONS:	<ul style="list-style-type: none"> ▶ Member of the Council of Europe (since Nov. 1995) Member of the UN and the OSCE ▶ Demand for membership to the WTO to be decided 2003/04
MAIN RELATIONS WITH THE EU:	<ul style="list-style-type: none"> ▶ "Partnership and Cooperation Agreement (PCA)" since March 1998 ▶ "Common Strategy" since Dec. 1999 (4 year period) ▶ "Long term goal strategy for EU Membership" (announced by the UKR. Government early 2002 in the perspective of accession in 2011)
CIVIL SOCIETY:	At present probably thousands of registered NGO's (1996: 400) in all fields for political, social, environmental, cultural or religious activities
ORGANISED CIVIL SOCIETY:	<ul style="list-style-type: none"> ▶ (Traditional) "Federation of Trade Unions" (ca. 20 Mio members, 1996) ▶ Independent Trade Unions (1996: ca. 700,000 members)

MAIN ECONOMIC DATA FOR UKRAINE

Gross Domestic Product	2001 42 Bn Euro
GDP Per Capita	2001 855 Euro (3,4% of the EU GDP)

	1998	1999	2000	2001
Real GDP (% growth)	-1,9	-0,2	5,9	9,1
Inflation rate (%)	10,6	22,7	28,2	12
Current Account Balance (% of GDP)	-3,1	2,6	4,7	3,5

Currency: Hrywnya (1 EUR = 5,5 Hrywnyas, Jan. 2003)

GDP BY SECTORS

	1995	1998	2000
Agriculture	25,6	15,4	13,9
Industry	44,6	42,3	38,5
Services	29,9	42,3	47,7

TRADE WITH THE WORLD (2002 in Mio EUR)

Imports:	18 665 (World share: ca. 0,4%)
Exports:	16 139 (World share: ca. 0,3%)

EU TRADE WITH UKRAINE (Mio EUR and %)

Rank	IMPORTS	1993	2001	2002	Rank	EXPORT	1993	2001	2002
	40	1.011	3.598	3.316		37	1.574	4.865	5.437
	Share of EU Total (%)	0,2	0,4			Share of EU Total (%)	0,3	0,5	

MAIN PRODUCTS IN 2001 (Mio EUR and %)

EU Imports			EU Exports		
Products	Value	Ukraine share of EU total by products	Products	Value	Ukraine share of EU total by products
Agricultural products	587	0,7	Machinery	1.531	0,5
Textiles and clothings	440	0,6	Transport Material	606	0,4
Energy	671	0,5	Chemical products	651	0,5
					Balance
					1.411
					506
					367

EU FOREIGN INVESTMENT WITH UKRAINE (Mio EUR and %)

	1998	1999	2000		1998	1999	2000
Inflows	19	4	7	Outflows	166	87	61
Share of EU Total (%)	0,0	na	0,0	Share of EU Total (%)	0,1	0,0	0,0
Inward Stocks	21	15	22	Outward Stock	397	574	635 *
Share of EU Total (%)	0,0	0,0	0,0	Share of EU Total (%)	0,0	0,0	0,0

* 862 in 2002

NB: More Statistics in the Internet: <http://europa.eu.int/comm/trade/bilateral/data.htm> and in the Annexes of the Communication "Wider Europe" of the 11.3.2003.

COUNTRY PROFILE: MOLDOVA	
<i>Basic data (June 2003)</i>	
POPULATION:	4.3 Millions (2000), 4.5 Millions (1995)
LIFE EXPECTANCY:	67 years (average)
ETHNIC GROUPS:	Moldavians/speaking Romanian: 65%; Russians: 13%; Gaguz: 3.5%; Others: 4.7%
CAPITAL:	Chisinau (Kishenev): 656,000 inhabitants
TERRITORY:	<ul style="list-style-type: none"> ▶ 34,000 km², ▶ incl. "Transdnistria", separatist region of 2,500 km² with 700,000 Russian speaking on the Eastern Border: 2,500 km², ▶ and "Gaguzian" of 2,000 km² with 200,000 inhabitants ethnically different inhabitants of Moldova on the Southern Border.
DENSITY:	127.6 inhabitants / km ²
INSTITUTIONAL AND POLITICAL FACTS	
CONSTITUTION:	Adopted in July 1994
FORM OF STATE:	Presidential-parliamentary Republic (independent from the SU since 1991)
HEAD OF STATE:	President directly elected for 5-year term, since April 2001: Vladimir VORONIN (PCM)
GOVERNMENT:	<ul style="list-style-type: none"> ▶ Prime Minister: Vasile TARLEV (PCM), since April 2001; ▶ Foreign Minister: Nicolae DUDAU (PCM), since Sept. 2001
PARLIAMENT:	101 Members, 4-year term, last election February 2001
MAIN POLITICAL PARTIES:	<ul style="list-style-type: none"> ▶ "PCM" = "Partidul Communistilor din Moldova" (Communists): 71 ▶ "BEAB" = "Blocul Electoral Alianta Braghis" (Centrist): 19 ▶ "PPCD" = "Partidul Popular Crestin Democrat" (Christian Democrats): 11
INTERNATIONAL AFFILIATIONS:	<ul style="list-style-type: none"> ▶ Member of the Council of Europe (since end 1995) with presidency in the Committee of Ministers (May-Nov. 2003) ▶ Member of the UN and of the OSCE ▶ Member of the "Stability Pact for the Balkan " (2001-2003)
MAIN RELATIONS WITH THE EU:	<ul style="list-style-type: none"> ▶ "Partnership and Cooperation Agreement (PCA)" since July 1998 ▶ "TACIS National Programme since 1991 (plus specific programmes like the EIDHR)
CIVIL SOCIETY:	Several hundred NGO's are registered, but by 1996 only some dozen organizations could be considered active
ORGANISED CIVIL SOCIETY:	<ul style="list-style-type: none"> ▶ The "General Federation of Trade Unions" (GFTU) is the successor organization of the soviet TU and remains virtually the only one, although there are legal provisions for independent Trade Unions. ▶ No information available from employers organisations.

MAIN ECONOMIC DATA FOR MOLDOVA

Gross Domestic Product	1,5 Billion Euro (2000)			
GDP per Capita	417 EUR (2000); 380 EUR (2002)			
	1997	1998	1999	2000
Real GDP (% growth)	1,6	-6,5	-3,4	1,9
Inflation rate (%)	11,8	7,7	39,3	31,3
Current Account Balance (% of GDP)	-12,5	-16,7	-2,6	-7,8
Currency:	Moldavian LEI (1 EUR = ca. 13 LEI)			

GDP BY SECTORS (% share per year)

	1995	1996	1999
Agriculture	33	30,2	25,1
Industry	32,2	29	21,6
Services	34,8	40,8	53,3

TRADE WITH THE WORLD (2002 in Mio EUR)

	1993	1995	2000	2002
IMPORTS:	528	643	1,461	998
World's share	0,02	0,02	0,03	0,02
EXPORTS:	413	570	873	636
World's share	0,02	0,02	0,02	0,02
TRADE BALANCE	-125	-73	-425	-362

EU TRADE WITH MOLDOVA (Mio EUR and %)

IMPORTS	Rank	1993	1995	2000	2002
	123	27	94	194	136
Share of EU Total (%)		0,01	0,02	0,02	0,02
EXPORTS		1993	1995	2000	2002
	112	65	148	336	278
Share of EU Total (%)		0,01	0,03	0,04	0,02
TRADE BALANCE		38	54	142	

MAIN PRODUCTS IN 2001 (Mio EUR and %)

EU Imports			EU Exports			
Products	Value	Moldavia's share by products	Products	Value	Moldavia's share by products	Balance
Agricultural products	39	0,05	Agricultural p	61	0,1	22
Machinery	3,3	0,001	Machinery	68	0,02	65
Chemical produ	0,6	0,001	Chemical products	28	0,02	27

EU FOREIGN INVESTMENT WITH MOLDOVA (Mio EUR and %)

167 Millions EUR (2002) as one of the lowest figure of the European Countries

NB: More Statistics in the Internet: <http://europa.eu.int/comm/trade/bilateral/data.htm> and in the Annexes of the EC-Communication "Wider Europe" of the 11.3.2003.

COUNTRY PROFILE: BELARUS	
<i>Basic data (June 2003)</i>	
POPULATION:	10.3 Millions (2002)
LIFE EXPECTANCY:	68 years (average)
ETHNIC GROUPS:	Belarusians (78%), Russians (13%), Others (2%)
CAPITAL:	Minsk: 1.8 Mio residents
TERRITORY:	208,000 km ²
DENSITY:	50 inhabitants / km ²
INSTITUTIONAL AND POLITICAL FACTS	
CONSTITUTION:	Adopted in 1994 (amended by referendum 1996, not recognised by the International Community)
FORM OF STATE:	Presidential-authoritarian Republic (independent formally from the SU since Dec 1991)
HEAD OF STATE:	President with 7-year term: Aleksandr LUKASHENKO (since 1994, reelected in Sept. 2001)(strongly criticised by the International Community for several irregularities in the election campaign)
GOVERNMENT:	
PARLIAMENT:	Since Oct. 2000: 110 seats; 4-years term (boycotted by several opposition parties), elected for a 4-year term
MAIN POLITICAL PARTIES:	<ul style="list-style-type: none"> ▶ "Lukashenko supporters Movement" : 81 ▶ "Vacant Group": 13 ▶ "Communist Party": 6 ▶ "Agrarian Party": 5
INTERNATIONAL AFFILIATIONS:	<ul style="list-style-type: none"> ▶ Guest to the Council of Europe (suspended since 1997) ▶ Member of the UN and of the OSCE
MAIN RELATIONS WITH THE EU:	<ul style="list-style-type: none"> ▶ "Partnership and Cooperation Agreement (PCA)" signalled in 1995, but stalled in 1996 after serious setbacks to the development of democracy ▶ TACIS Programme since 1999, suspended in 1996 with the exceptions of humanitarian aid and projects benefiting the democratisation process such as the "European Initiative for Democracy and Human Rights" - "EIDHR" or the "Cross-Border Cooperation Programme".
CIVIL SOCIETY:	Hundreds of very active and courageous NGO's but under increasing control and pressures of all kind
ORGANISED CIVIL SOCIETY:	<ul style="list-style-type: none"> ▶ Traditional trade unions and independent workers/employees movements in increasing conflicts with the Lukashenko regime and between the two "cultures" ▶ No information available from the Employers Organizations.

MAIN ECONOMIC DATA FOR BELARUS

Gross Domestic Product	2001 13 Billion EUR
GPD Per Capita	2002 1.352 EUR
	1998 1999 2001
Real GPD (% growth)	8,3 3,4 4,1
Inflation rate (%)	73,2 293,8 61,3
Current Account Balance (% of GPD)	-6,1 -1,6 4,5

Currency: Belarusian Rouble BYR (non convertible) - ca.: 1 EUR = 1.182 BYR (2002)

GDP BY SECTORS

	1990 1998 2000
Agriculture	23,8 17,7 15,3
Industry	47,2 37,5 37,4
Services	29 44,8 47,3

TRADE WITH THE WORLD (in Mio EUR)

	1993 1995 2001
IMPORTS:	2.112 4.203 6.965
World's share	0,1 0,1 0,2
EXPORTS:	1.637 3.540 8.286
World's share	0,1 0,1 0,2
TRADE BALANCE	-476 -662 -680

EU TRADE WITH BELARUS (in Mio EUR and %)

IMPORTS	Rank	1993	1995	2001	EXPORTS	Rank	1993	1995	2001
	82	274	561	690		66	583	885	1.393
Share of EU Total (%)		0,1	0,1	0,1	Share of EU Total (%)		0,1	0,2	0,1
TRADE BALANCE		309	324	703	TRADE BALANCE				

MAIN PRODUCTS IN 2001 (Mio EUR and %)

EU Imports			EU Exports		
Products	Value	Belarus share of EU total by products	Products	Value	Belarus share of EU total by products
Agricultural products	112	0,1	Machinery	416	0,1
Chemical products	53	0,1	Transport Material	257	0,2
Textiles and Clo	179	0,2	Chemical products	200	0,1
					Balance
					368
					237
					147

FOREIGN DIRECT INVESTMENT (EU-BELARUS)

189 Mio EUR (2002) most has come from Russia, especially for the construction of the "Europe Gas Pipeline".

NB: More Statistics in the Internet: <http://europa.eu.int/comm/trade/bilateral/data.htm>