

**EIGHTEEN MEETING OF THE EASTERN PARTNERSHIP PLATFORM 2:
“Economic Development and Market Opportunities”**

MEETING REPORT

Summary

The 18th meeting of Platform 2 "Economic Development and Market Opportunities" took place in Brussels on 27 April 2018, in the presence of delegations from EaP Partner Countries, EU officials, Member States and business representatives. Co-chaired by Directors Eric Mamer (GROW), Lawrence Meredith (NEAR) in collaboration with EEAS and DG TRADE, the meeting provided an opportunity to discuss strategic priorities and to formally adopt the work programme for Platform 2 (2018–2020). During the morning session, discussions focused on the work priorities for the three Panels foreseen under the Platform (Panel 1: Structural reforms and business environment / Panel 2: Expert Panel on Trade and Trade-Related Regulatory Cooperation aiming at enhancing trade among Partner Countries and the EU / Panel 3: Harmonisation of Digital Markets). In the afternoon, the Commission (ECFIN) presented the macroeconomic outlook and structural reform challenges faced by countries in the region. Then, discussions unfolded between EaP Partner Countries, Member States and Civil Society on the structural reform priorities to be implemented in the region. To conclude the discussions, Eric Mamer (GROW) recalled the importance of "fixing the roof while the sun was shining" underlining that recovery after the crisis was a good timing to carry out the necessary reforms. Building upon EU experience in implementing structural reforms, he underlined the links between 1) Public Finance Management (PFM), 2) the Promotion of Investment and 3) Structural Reforms at horizontal (market surveillance etc.) but also sectorial level (energy, transports etc.). Next meeting of the Platform will take place in 2019. Beforehand, the Senior Official Meeting planned for Autumn 2018 should take stock of the first results in the work programme implementation.

Detailed Overview

Opening by the Chair

Eric Mamer (GROW) opened the meeting and recalled the main objectives of the meeting:

- 1) The presentation and adoption of the Work Programme 2018-2020 for Platform 2;
- 2) Commitments from the EaP partner countries to progress on Deliverables 4 to 8;
- 3) Build on EU Member States' engagements for Platform 2's panels and activities.

He then introduced the afternoon discussions underlining that structural reforms had been added to Platform 2 following the Eastern Partnership Summit of 24th of November 2017. Given the importance of a prosperous economy able to cope with macroeconomic shocks, the first plenary session started on this topic with a specific emphasis on the links between structural reforms and business environment.

Presentation of the overall work programme 2018-2020

Mathieu Bousquet (NEAR) reiterated that the main priority of EU support to EaP Partners was to deliver tangible results to citizens in a visible manner. The new streamlined architecture will ensure a more efficient monitoring of the results achieved. He then recalled strategic priorities for the Platform 2, namely structural reforms and business environment, trade, and harmonization of digital markets.

Sweden and the Netherlands respectively underlined the importance of gender perspective for the work of all platforms and panels and emphasized the importance of engaging business community and civil society in setting common goals. **France** suggested to have a seminar on Geographical Indications (GIs) for the trade panel in the nearest future.

Azerbaijan noted that it is essential to see how the EaP would complement national policies and priorities. **Georgia** suggested to have a better planning of agenda to avoid last-minute changes and enable better preparation by partner representatives. **Armenia** stressed the importance of public private partnership and the need to find mechanisms to better involve private sector and encourage their cooperation in the partner countries. **Ukraine** inquired about continuation of East Invest project and on the possibility to add one event on Geographical Indications (GIs) in 2018 and another event on the EaP Trade Helpdesk in 2019.

Eric Mamer (GROW), reaffirmed the importance of gender balance in the work of Platform 2. He then suggested that a compromise on the wording to add a reference could be found not to block the adoption of the work programme planned for late morning. **Mathieu Bousquet (NEAR)**, responding to partner countries, mentioned that the programme which will succeed to East Invest is being prepared. Responding to Member States, Mathieu Bousquet noted that

gender equality was an important aspect that had been taken into account in the preparation of the EU4Digital Programme.

Ewa Synowiec (TRADE) explained that it was not feasible to take all suggestions for the Work Program of the Trade Panel on board due to limited human and financial resources on EU side. Nonetheless, she recalled that the programme proposed was already quite ambitious. On geographical indications (GIs), she noted that there was unfortunately no room in 2018 agenda, even though the topic might be addressed in the context of the event on customs. Furthermore, there is a tentative event on GIs planned for 2019. For the EaP Trade Helpdesk, Ewa Synowiec recalled that there was the first meeting planned for 20 June 2018 and that according to the outcome, follow-up meetings could be organised in the future in order to encourage engagement and ownership of the EaP countries as concerns this useful tool for economic operators.

Panel 1: Structural reforms and business environment

Maxime Bablon (GROW) underlined that the main objective of **deliverable 4** is to improve the investment and business environment. Several programmes are already implemented by the EU with good results (60.000 jobs supported by 2020 etc.). Next step will be to assess the progress made in terms of reforms to ease business. To do that, the next Small Business Act Assessment (SBA) should be launched in partnership with OECD, ETF and EBRD in the next months. Results should be published in 2020.

Mathieu Bousquet (NEAR) presented **deliverable 5** aiming at addressing gaps in access to finance and financial infrastructure and **deliverable 6** devoted at the creation of new job opportunities at local and regional levels.

Armenia noted the importance of cooperating with businesses and business support organizations and recognized the positive results achieved by EU4Business. **Azerbaijan** underline the need to complement national actions while taking into account the specificity of each country. **Belarus** referred to the central role of public finance reform and state owned enterprises reform while strengthening the role of SMEs in the national economy.

Panel 2: Enhancing trade among Partner Countries and the EU

Ewa Synowiec (TRADE) presented the objectives and planned activities within the framework of the Expert Panel on Trade and Trade-Related Regulatory Cooperation ("Trade Panel"). Through the revised architecture of the EaP, the Trade Panel aims to be a dedicated format to exchange expertise, to learn from each other experience how to conduct the trade-related reforms in order to comply with the set of rules related to international trade. She explained that the Panel

was relaunched in June 2017 taking into account the aspirations of the partner countries¹. Besides, Ewa Synowiec recalled that the invitations from Commissioner for Trade were sent to the Ministers for the DCFTA Informal Ministerial Meeting on Trade which will take place in Brussels on 20 September 2018. Ewa Synowiec also noted that the Trade Panel had a strong role to play in order to facilitating trade in the region². She also presented the events foreseen for 2018 under the Trade Panel umbrella.

Ukraine, Georgia, Moldova and Armenia underlined the importance of the existing agreements with the EU, be it the Association Agreement and its Deep and Comprehensive Free Trade Area (AA/DCFTA) or the Comprehensive and Enhanced Partnership Agreement (CEPA). **Belarus and Azerbaijan** pointed out that intra-regional trade remained an issue and that efforts should be made to promote trade relations among partners. **Georgia and Moldova** mentioned their interest in boosting trade with other countries members of the PEM Convention as well (Turkey, Ukraine etc).

Ewa Synowiec (TRADE) recalled that the membership in the PEM Convention does not automatically give the possibility of cumulation of origin of goods for the purpose of getting trade preferences. In order to fully benefit from the Convention, it is necessary to negotiate the replacement of protocols on rules of origin in the FTAs with other partners by the rules of origin protocol of the PEM Convention in order to be able to cumulate the origin of traded products. It is important in this perspective to look closely at the contractual relations in trade each country has with other partner countries signatories of the PEM Convention.

Panel 3: Harmonisation of Digital Markets in the Eastern Partnership

Linda Corugedo Steneberg (CNECT) presented a comprehensive overview of the work for the Harmonization of Digital Markets (HDM) in the Eastern Partnership. After recalling several elements related to the EU's Digital Single Market (DSM) Strategy and importance of HDM, Linda Corugedo Steneberg discussed the work content of the HDM Panel in the following key areas: 1) electronic communications including infrastructure and services, 2) trust and security, 3) eTrade (e-logistics/Digital Transport Corridors, e-customs, e-commerce), 4) digital skills 5) digital innovation and startup ecosystems and 6) eHealth.

Belarus suggested starting cooperating with Digital Europe and generally focusing more on business-to-business format. **Ukraine** mentioned the existing good practices on digitalization

¹ The Panel was suspended at the end of 2011 as the most of the Eastern Partners started to negotiate free trade agreements with the EU; the contractual base for trade relations with each of the 6 Eastern Partners is now on a clear way.

² Cf Staff Working Document prepared by DG TRADE *Looking for Eastern Partners' Potential to Enhance Trade and Economic Integration with the EU and within the Eastern Partnership Region. Factual Analysis'* – SWD(2018) 35 final published on 15.01.2018.

and the key priorities of electronic identification, ICT infrastructure, new communications technologies, digital governance, and development of digital skills. Countries described the different developments in the fields of digital harmonization. **Azerbaijan** presented its national strategy on digital harmonization and the establishment of the State Fund for Development of Information Technologies. **Georgia** introduced its broadband strategy and infrastructure while **Moldova** presented a new model of digital education currently being developed.

At the end of the discussion the Work Programme 2018–2020 was adopted by consensus.

Discussion on Structural Reforms (SR)

Santiago Garcia Loranca (ECFIN) gave a presentation on the **macroeconomic developments and structural reform challenges in the Partner Countries**. In 2017, economic activity rebounded and the outlook for 2018 was favourable as a result of positive external environment that results in spillovers through growing exports, investment and remittance inflows. Fiscal consolidation, supported by PFM reforms and the economic recovery, helped to stabilise public debt-to-GDP ratio. Still, debt levels have significantly increased over the last 10 years and represent a source of concern. External vulnerabilities also remain an issue despite recent rebalancing in external positions. Some of the main structural reform challenges in the Partner Countries include negative demographic factors, institution building, in particular the need to step up anti-corruption efforts, as well as measures to further improve the business environment, including through reforming state-owned enterprises. In addition, steps to strengthen the banking sector and deepen the non-banking financial market as well as to open land markets in order to boost agricultural productivity are needed.

Felipe De la Mota (NEAR) presented the main features of the **Structural Reform Facility (SRF)** including its three main components of business environment, financial infrastructure and public financial management (to be implemented respectively through EBRD, World Bank and IMF). Strong links with the Platform will be sought in order to take stock of progress, identify the gaps and share experiences with MS who went through similar processes. A Panel focused on Structural Reforms will take place by the end of 2018/early 2019 on this and will inform the next Platform meeting.

Aurelija Janusauske (Lithuania) shared Lithuania's experience in reforming the business environment. Lithuania raised the specific issues of licencing and business inspections. Lithuania insisted on how these reforms helped to reduce the burden on economic entities and to open the market to additional actors and develop business environment / competition to the benefit of final consumers.

Ukraine emphasised the need to use the Platform as instrument for smarter integration in the value chain and in the EU market. **Belarus** also brought forward the potential negative consequences of the structural reform process (i.e. on the labour market) and its link this with the digital transformation.

Nino Evgenidze (Economic Policy Research Centre) called for more information sharing (i.e. on how to apply for EU4Business projects) and urged the Georgian government to finalise the reform to grant independence of the jurisdictional system. NEAR replied that focus on pilot regions until 2020 will help addressing these concerns at least in the geographic areas targeted. **Meryem Torun (OECD)** stated that alignment on structural reforms is a crucial part of OECD work as well as a main focus of the 3rd round of Small Business Act (SBA) assessment in the region. She reminded that investment climate will also be the focus of 19 June Business Panel on Structural reforms, Financial sector architecture, Agriculture and SMEs.

Sweden picked up on the call for increased inclusivity by the Platform towards civil society and businesses by introducing **Henrik Hallgren (International Council of Swedish Industry)**, who stressed the importance of a local perspective towards socio-economic development and sustainable international investment. He valued the Platform as an opportunity for sharing experience and offering availability for further exchanges with the EaP Partner Countries.

Closing remarks and adoption of operational conclusions

Eric Mamer (GROW) welcomed the discussions on structural reforms and encouraged partners to implement ambitious reforms in line with Platform 2 priorities. He further recalled the importance of *'fixing the roof while the sun is shining'* and underlined the important synergies between 1) public finance management (PFM), 2) promotion of investment and 3) structural reforms – horizontal (market surveillance) but also sectorial (energy, land reform etc.).

Lawrence Meredith (NEAR) confirmed the adoption of the Work Programme 2018-2019 by the Platform 2, welcoming the involvement of Member States to the discussion. He invited the Partners to work on their success stories and results to be shared during October EaP Ministerial and encouraged interlinkages with other Platforms as well as inter-ministerial coordination.

The meeting was closed by the chairs.