



ABSTRACT OF THE DELIVERABLE 2.3

Trade flows and localization choices: Policy aspects of the research findings

ABSTRACT

The ENP, despite its foreign-policy origins, has become one of the main EU economic-policy instruments and has accelerated and intensified economic flows and interactions between the EU and the ENP countries as well as between the corresponding businesses. Yet, despite the increased interaction – if not integration – between the two regional blocks, there are concerns about the progress of the DCFTAs and, consequently, about the success of the overall ENP undertaking. The political upheaval in the ENP South and the slow reforms in the ENP East “legitimize” such concerns. Given that, up to now, the ENP has not produced the anticipated results, a discussion about a possible reinvigoration of the current ENP perspective is ante portas. Such a discussion (if and when, eventually, it is made) should take into a consideration a couple of extremely important remarks. The first remark is that the pattern of integration between the EU and the ENP countries is uneven, unbalanced and asymmetric. This, inter-industry, type of integration is not in a position to narrow the welfare gap between the EU and the ENP countries. The second remark is that the interaction between the EU and ENP countries generates spatial side-effects (imbalances), favoring, mostly, the capital and the most dynamic regions in the ENP countries. Should they take these remarks into consideration, the ENP may pave the ground for deeper and more sustainable integration between the EU and its neighbors. To do so, the EU policy towards the ENP countries needs to obtain a deeper level of understanding of the interactions between the international and the regional dynamics in the latter. This is, definitely, not an easy task. Challenging mainstream policy perspective, the research team, after setting a number of (uncomfortable) policy dilemmas, offers a set of delicate policy recommendations to this direction.