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**A7-0335/2013**

17.10.2013

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# **REPORT**

on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Hashemite Kingdom of Jordan (COM(2013)0242 – C7-0119/2013 – 2013/0128(COD))

Committee on International Trade

Rapporteur: Vital Moreira

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

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## **DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION**

**on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Hashemite Kingdom of Jordan  
(COM(2013)0242 – C7-0119/2013 – 2013/0128(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2013)0242),
  - having regard to Article 294(2) and Article 212 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0119/2013),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade and the opinions of the Committee on Foreign Affairs and the Committee on Budgets (A7-0335/2013),
1. Adopts its position at first reading hereinafter set out;
  1. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
  2. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

## Amendment 1

### AMENDMENTS BY THE EUROPEAN PARLIAMENT\*

to the Commission proposal

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#### DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

providing macro-financial assistance to the Hashemite Kingdom of Jordan

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 212 thereof,

Having regard to the proposal from the European Commission<sup>1</sup>,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure<sup>2</sup>,

Whereas:

- (1) Relations between the European Union ('the Union') and the Hashemite Kingdom of Jordan ('Jordan') are developing within the framework of the European Neighbourhood Policy (ENP). A Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and Jordan, of the other part<sup>3</sup> ('the EU-Jordan Association Agreement'), entered into force on 1 May 2002. Bilateral political dialogue and economic cooperation have been further developed within the framework of ENP Action Plans, of which the most recent covers the period 2010-2015. In 2010, the Union granted Jordan "Advanced Status" partnership, implying expanded areas of cooperation between both parties. ***In 2013 the EU-Jordan Association Agreement was complemented by a Framework Agreement between the Union and Jordan on the general principles for the participation of Jordan in Union programmes, furthering cooperation between the Union and Jordan.***
- (2) Jordan's economy has been significantly affected by domestic events related to the events in the Southern Mediterranean since the end of 2010, known as the "Arab

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\* Amendments: new or replacement text is marked in bold italics, and deletions are indicated by the symbol ■ .

<sup>1</sup> OJ C [...], [...], p. [...].

<sup>2</sup> Position of the European Parliament of ... 2013 and Decision of the Council of ... 2013.

<sup>3</sup> Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part (OJ L 129, 15.5.2002, p. 3).

Spring", and by the ongoing regional unrest, notably in neighbouring Egypt and Syria. ***In particular, the high inflow of refugees from Syria who have sought refuge in Jordan is having a severe impact on Jordan's economy. In the context of a much weaker global economic environment, the repeated disruptions to the flow of natural gas from Egypt, which have forced Jordan to replace gas imports from Egypt with more expensive fuels for electricity generation, and the significant financial resources required to provide humanitarian assistance to the refugees from Syria who are present on Jordan's territory, have resulted in important external and budgetary financial gaps.***

- (3) Since the Arab Spring began, the Union has declared on various occasions its commitment to support Jordan in its economic and political reform process. This commitment was reaffirmed in the conclusions of the 10th meeting of the Association Council between the Union and Jordan in December 2012.
- (3a) ***Jordan's geographical position makes it also a strategic country for stability and security in the Middle East, but equally makes the country particularly vulnerable to external shocks, both in political and economic terms. It is therefore important to provide adequate support to Jordan and to further political and economic dialogue between the Union and Jordan.***
- (4) Jordan has embarked on a series of political reforms, most notably leading to the adoption by the Jordanian Parliament in September 2011 of over 40 constitutional amendments, representing a significant step towards a fully-fledged democratic system. Political and economic support from the Union to Jordan's reform process is consistent with the Union's policy towards the Southern Mediterranean region, as set out in the context of the ENP.
- (4a) ***In line with the Joint Declaration by the European Parliament and the Council adopted together with Decision No 778/2013/EU of the European Parliament and of the Council<sup>1</sup>, Union macro-financial assistance should be an exceptional financial instrument of untied and undesignated balance-of-payments support, which aims at restoring a beneficiary's sustainable external finance situation and should underpin the implementation of a policy programme containing strong adjustment and structural reform measures designed to improve the balance of payment position, in particular over the programme period, and reinforce the implementation of relevant agreements and programmes with the Union.***
- (5) In August 2012, the Jordanian authorities and the International Monetary Fund (IMF) agreed on a ***non-precautionary*** three-year Stand-By-Arrangement ('***IMF programme***') of SDR 1,364 million (***Special Drawing Rights***) in support of Jordan's economic adjustment and reform programme. ***The objectives of the IMF programme are consistent with the purpose of the Union macro-financial assistance, namely to alleviate short-term balance of payment difficulties, and the implementation of***

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<sup>1</sup> Decision No 778/2013/EU of the European Parliament and of the Council of 12 August 2013 providing further macro-financial assistance to Georgia (OJ L 218, 14.8.2013, p. 15).

***strong adjustment measures consistent with the aim of Union macro-financial assistance.***

- (6) The Union has made available EUR 293 million in grants for the period 2011-13 under its regular cooperation programme in support of Jordan's economic and political reform agenda. In addition, EUR 70 million has been allocated to Jordan in 2012 under the "Support for partnership, reforms and inclusive growth" (SPRING) programme, and EUR 10 million in Union humanitarian aid to support Syrian refugees.
- (7) In December 2012, in view of the worsening economic situation and outlook, Jordan requested Union macro-financial assistance.
- (7a) ***Given that Jordan is a country covered by the ENP, it should be considered to be eligible to receive Union macro-financial assistance.***
- (8) Given that ***there is still a significant residual external financing gap*** ■ in Jordan's balance of payments ***over and above the resources provided by IMF and other multilateral institutions, and despite the implementation of strong economic stabilisation and reform programmes by Jordan***, and given the vulnerability of Jordan's external financial position to exogenous shocks, which requires maintaining an appropriate level of the foreign exchange reserves, ***the Union macro-financial assistance to be provided to Jordan ("the Union's macro-financial assistance") is, under the current exceptional circumstances, considered to be an appropriate response to Jordan's request to support economic stabilisation in conjunction with the IMF programme.*** The ***Union's macro-financial assistance*** ■ would support the economic stabilisation and the structural reform agenda of Jordan, supplementing resources made available under the IMF's financial arrangement.
- (8a) ***The Union's macro-financial assistance should aim to support the restoration of a sustainable external financing situation for Jordan thereby supporting its economic and social development.***
- (9) ***The determination of the amount of the Union's macro-financial assistance is based on a complete quantitative assessment of Jordan's residual external financing needs, and takes into account its capacity to finance itself with its own resources, in particular the international reserves at its disposal.*** The ***Union's macro-financial assistance should complement the programmes and resources provided by the IMF and the World Bank. The determination of the amount of the assistance also takes into account expected financial contributions from multilateral donors and the need to ensure fair burden sharing between the Union and other donors, as well as the pre-existing deployment of the Union's other external financing instruments in Jordan and the added value of the overall Union involvement.***
- (9a) The Commission should ensure that the ***Union's macro-financial assistance*** is legally and substantially in line with the ***key principles, objectives and measures*** taken within the different areas of external action and other relevant Union policies.



- (9b) *The Union's macro-financial assistance should support the Union's external policy towards Jordan. Commission services and the European External Action Service should work closely together throughout the macro-financial assistance operation in order to coordinate, and to ensure the consistency of, Union external policy.*
- (9c) *The Union's macro-financial assistance should support Jordan's commitment to values shared with the Union, including democracy, the rule of law, good governance, respect for human rights, sustainable development and poverty reduction, as well as its commitment to the principles of open, rule-based and fair trade.*
- (10) *A pre-condition for granting the Union's macro-financial assistance should be that Jordan respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights. In addition, the specific objectives of the Union's macro-financial assistance should strengthen the efficiency, transparency and accountability of the public finance management systems in Jordan and to promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation. Both fulfilment of the precondition, and the achievement of those objectives should be regularly monitored by the Commission.*
- (12) In order to ensure *that* the *Union's* financial interests linked to *the Union's* macro-financial assistance *are protected efficiently*, Jordan *should take* appropriate measures relating to the prevention of, and fight against, fraud, corruption and any other irregularities *linked to the* assistance. *In addition, provision should be made for the Commission to carry out checks and for the Court of Auditors to carry out audits.*
- (13) Release of the Union's macro-financial assistance is without prejudice to the powers of the European Parliament and the Council.
- (13a) *The amounts of the provision required for macro-financial assistance should be consistent with the budgetary appropriations provided for in the multi-annual financial framework.*
- (14) The *Union's macro-financial* assistance should be managed by the Commission. In order to ensure that the European Parliament and the *Council* are able to follow the implementation of this Decision, the Commission should regularly inform them of developments relating to the assistance and provide them with relevant documents.
- (15) In order to ensure uniform conditions for the implementation of this Decision, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>1</sup>.

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<sup>1</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

(15a) *The Union's macro-financial assistance should be subject to economic policy conditions, to be laid down in a Memorandum of Understanding. In order to ensure uniform conditions of implementation and for reasons of efficiency, the Commission should be empowered to negotiate such conditions with the Jordanian authorities under the supervision of the committee of representatives of the Member States in accordance with Regulation (EU) No 182/2011. Under that Regulation, the advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the examination procedure be used for operations above that threshold. Considering the amount of the Union's macro-financial assistance to Jordan, the examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.*

HAVE ADOPTED THIS DECISION:

#### Article 1

1. The Union shall make **■** macro-financial assistance *available to Jordan ("the Union's macro-financial assistance")* of a maximum amount of EUR 180 million, with a view to supporting Jordan's economic stabilisation and reforms. The assistance shall contribute to covering Jordan's balance of payments needs as identified in the IMF programme.
2. The full amount of the *Union's* macro-financial assistance shall be provided to Jordan in the form of loans. The Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions *and to on-lend* them to Jordan. The loans shall have a maximum maturity of 15 years.
3. The release of the *Union's* macro-financial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Jordan, and with the key principles and objectives of economic reforms set out in the EU-Jordan Association Agreement and the EU-Jordan Action Plan for 2010-2015 agreed under the ENP. The Commission shall regularly inform the European Parliament and the *Council* of developments *regarding* the *Union's* macro-financial assistance, *including disbursements thereof*, and shall provide *those institutions* with *the* relevant documents *in due time*.
4. The Union's macro-financial assistance shall be made available for a period of two years from the first day after the entry into force of the Memorandum of Understanding referred to in Article 2(1).
- 4a. *Where the financing needs of Jordan decrease fundamentally during the period of the disbursement of the Union's macro-financial assistance compared to the initial projections, the Commission, acting in accordance with the examination procedure referred to in Article 6(2), shall reduce the amount of the assistance or suspend or cancel it.*

## Article 1a

***A pre-condition for granting the Union's macro financial assistance shall be that Jordan respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights. The Commission shall monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance. This Article shall be applied in accordance with Council Decision 2010/427/EU<sup>1</sup>.***

## Article 2

1. The Commission, [ ] in accordance with the examination procedure referred to in Article 6(2), shall [ ] agree with the Jordanian authorities on ***clearly defined*** economic policy and financial conditions, ***focusing on structural reforms and sound public finances, to which the Union's macro-financial assistance is to be subject***, to be laid down in a Memorandum of Understanding ("***the Memorandum of Understanding***") which shall include a timeframe for ***the fulfilment of those conditions***. The economic policy and financial conditions ***set out in the Memorandum of Understanding*** shall be consistent with the agreements or understandings referred to in Article 1(3), ***including the macro-economic adjustment and structural reform programmes implemented by Jordan, with the support of the IMF***.
- 1a. Those conditions shall aim, in particular, ***to enhance*** the efficiency, transparency and accountability of ***the*** public finance management systems in Jordan, ***including for the use of the Union's macro-financial assistance. Progress in mutual market opening, the development of rules-based and fair trade and other priorities in the context of the Union's external policy shall also be duly taken into account when designing the policy measures***. Progress in attaining ***those*** objectives shall be regularly monitored by the Commission.
2. The detailed financial terms of the ***Union's macro-financial*** assistance shall be laid down in a Loan Agreement to be agreed between the Commission and the Jordanian authorities.
- [ ]
4. The Commission shall verify at regular intervals ***that the conditions in Article 3(2) continue to be met, including*** that the economic policies of Jordan are in accordance with the objectives of the ***Union's macro-financial assistance*** [ ]. In so doing, the Commission shall coordinate closely with the IMF and the World Bank, and, ***where*** necessary, with the ***European Parliament and the Council***.

## Article 3

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<sup>1</sup> Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service (OJ L 201, 3.8.2010, p. 30).

1. Subject to the conditions ■ in paragraph 2, the *Union's macro-financial* assistance shall be made available by the Commission ■ in two loan instalments. The size of each instalment shall be laid down in the Memorandum of Understanding.
- 1a. *The amounts of the Union's macro-financial assistance shall be provisioned, where required, in accordance with Council Regulation (EC, Euratom) No 480/2009<sup>1</sup>.*
2. The Commission shall decide on the release of the instalments subject to *the fulfilment of all of the following conditions:*
  - (a) *the pre-condition set out in Article 1a;*
  - (b) *a continuous satisfactory track record of implementing a policy programme that contains strong adjustment and structural reform measures supported by a non-precautionary IMF credit arrangement; and*
  - (c) *the implementation, within a specific time-frame, of the economic policy and financial conditions agreed in the Memorandum of Understanding.*

The disbursement of the second instalment shall not take place earlier than three months after the release of the first instalment.

- 2a. *Where the conditions in paragraph 2 are not met, the Commission shall temporarily suspend or cancel the disbursement of the Union's macro-financial assistance. In such cases, it shall inform the European Parliament and the Council of the reasons for that suspension or cancellation.*
3. The *Union's macro-financial assistance* shall be *disbursed* to the Central Bank of Jordan. Subject to provisions to be agreed in the Memorandum of Understanding, including a confirmation of residual budgetary financing needs, the Union funds may be *transferred* to the Jordanian Ministry of Finance as the final beneficiary.

#### Article 4

1. The borrowing and lending operations related to the *Union's* macro-financial assistance shall be carried out in euro using the same value date and shall not *involve* the Union *in the* transformation of maturities, *or expose it to* any exchange or interest rate risk, or *to* any other commercial risk.
2. *Where the circumstances permit, and if Jordan so requests*, the Commission *may* take the steps necessary to ensure that an early repayment clause is included in the loan terms and conditions and that it is matched by a corresponding clause in the terms and conditions of the borrowing operations.
3. ■ Where circumstances permit an improvement of the interest rate of the loan *and if*

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<sup>1</sup> Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions (OJ L 145, 10.6.2009, p. 10).

*Jordan so requests*, the Commission may **decide to** refinance all or part of its initial **borrowings** or **may** restructure the corresponding financial conditions. Refinancing or restructuring operations shall be carried out in accordance with **paragraphs 1 and 4** and shall not have the effect of extending the **■** maturity of the **borrowings** concerned or **of** increasing the amount of capital outstanding at the date of the refinancing or restructuring.

4. All costs incurred by the Union which relate to the borrowing and lending operations under this Decision shall be borne by Jordan.
5. The Commission shall inform the European Parliament and the **Council** of developments in the operations referred to in paragraphs 2 and 3.

#### Article 5

1. The **Union's** macro-financial assistance shall be implemented in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>1</sup> and **Commission Delegated Regulation (EU) No 1268/2012**<sup>2</sup>.
- 1a. ***The implementation of the Union's macro-financial assistance shall be under direct management.***
2. The Memorandum of Understanding and the Loan Agreement to be agreed with the Jordanian authorities shall **contain provisions**:
  - (a) ***ensuring that Jordan regularly checks that financing provided from the budget of the Union has been properly used, takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds provided under this Decision that have been misappropriated;***
  - (b) ***ensuring the protection of the Union's financial interests, in particular providing for specific measures in relation to the prevention of, and **■** fight against, fraud, corruption and any other irregularities affecting the Union's macro-financial assistance, in accordance with Council Regulation (EC, Euratom) No 2988/95<sup>3</sup>, Council Regulation (EC, Euratom) No 2185/96<sup>4</sup> and Regulation (EU, Euratom) No 883/2013 of the European Parliament***

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<sup>1</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

<sup>2</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

<sup>3</sup> Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

<sup>4</sup> Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission to protect the Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

*and of the Council<sup>1</sup>;*

- (c) *expressly authorising the Commission, including the European Anti-Fraud Office, or its representatives to carry out checks, including on-the-spot checks and inspections;*
  - (d) *expressly authorising the Commission and the Court of Auditors to perform audits during and after the availability period of the Union's macro-financial assistance, including document audits and on-the-spot audits, such as operational assessments;*
  - (e) *ensuring that the Union is entitled to early repayment of the loan where it has been established that, in relation to the management of the Union's macro-financial assistance, Jordan has engaged in any act of fraud or corruption or any other illegal activity detrimental to the financial interests of the Union.*
- 2a. *During the implementation of the Union's macro-financial assistance, the Commission shall monitor, by means of operational assessments, the soundness of Jordan's financial arrangements, the administrative procedures, and the internal and external control mechanisms which are relevant to the assistance, as well as Jordan's adherence for the agreed timeframe.*

#### Article 6

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

#### Article 7

1. By 30 June of each year, the Commission shall submit to the European Parliament and to the Council a report on the implementation of this Decision in the preceding year, including an evaluation of that implementation. The report shall:
  - (a) *examine the progress made in implementing the Union's macro-financial assistance;*
  - (b) *assess the economic situation and prospects of Jordan, as well as progress made in implementing the policy measures referred to in Article 2(1);*

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<sup>1</sup> *Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).*

- (c) indicate the connection between the economic policy conditions laid down in the Memorandum of Understanding, Jordan's on-going economic and fiscal performance and the Commission's decisions to release the instalments of the *Union's* macro-financial assistance.
2. Not later than two years after the expiry of the availability period referred to in Article 1(4), the Commission shall submit to the European Parliament and to the Council an ex post evaluation report, *assessing the results and efficiency of the completed Union's macro-financial assistance and the extent to which it has contributed to the aims of the assistance.*

#### Article 8

This Decision shall enter into force on the *third day following that of its* publication in the Official Journal of the European Union.

Done at ...,

For the European Parliament  
The President

For the Council  
The President

## **EXPLANATORY STATEMENT**

Under the Joint Declaration by the European Parliament and the Council adopted together with the decision providing further macro-financial assistance to Georgia (adopted by the Parliament on 4 July 2013) the Parliament and the Council committed themselves "to fully reflect [the] considerations and principles [contained in the Joint Declaration] in the future individual decisions on granting Union's macro-financial assistance".

Therefore, the amendments contained in this report on the Commission's proposal for a decision providing macro-financial assistance to Jordan:

- (i) reflect the considerations and principles contained in that Joint Declaration; and/or
- (ii) harmonise the wording of this proposal with the recitals and articles contained in the decision providing macro-financial assistance to the Kyrgyz Republic (as agreed in the informal trilogue negotiations for an "early second reading agreement").



11.10.2013

## OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on International Trade

on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Hashemite Kingdom of Jordan (COM(2013)0242 – C7-0119/2013 – 2013/0128(COD))

Rapporteur: Annemie Neyts-Uyttebroeck

### AMENDMENTS

The Committee on Foreign Affairs calls on the Committee on International Trade, as the committee responsible, to incorporate the following amendments into its report:

#### Amendment 1

##### Proposal for a decision Recital 1

###### *Text proposed by the Commission*

(1) Relations between the European Union ('the Union') and the Hashemite Kingdom of Jordan ('Jordan') are developing within the framework of the European Neighbourhood Policy (ENP). An Association Agreement between the European Communities and their Member States, of the one part, and Jordan, of the other part, entered into force in May 2002. Bilateral political dialogue and economic cooperation have been further developed within the framework of ENP Action

###### *Amendment*

(1) Relations between the European Union ('the Union') and the Hashemite Kingdom of Jordan ('Jordan') are developing within the framework of the European Neighbourhood Policy (ENP). An Association Agreement between the European Communities and their Member States, of the one part, and Jordan, of the other part, entered into force in May 2002. Bilateral political dialogue and economic cooperation have been further developed within the framework of ENP Action

Plans, of which the most recent covers the period 2010-2015. In 2010, the Union granted Jordan "Advanced Status" partnership, implying expanded areas of cooperation between both parties.

Plans, of which the most recent covers the period 2010-2015. In 2010, the Union granted Jordan "Advanced Status" partnership, implying expanded areas of cooperation between both parties. ***In 2013 the Association Agreement between the European Communities and their Member States, of the one part, and Jordan, of the other part, was complemented by a Framework Agreement between the Union and Jordan on the general principles for the participation of Jordan in Union programmes, furthering cooperation between the Union and Jordan.***

## Amendment 2

### Proposal for a decision Recital 2

#### *Text proposed by the Commission*

(2) Jordan's economy has been significantly affected by domestic events related to the events in the Southern Mediterranean since the end of 2010, known as the "Arab Spring", and by the ongoing regional unrest, notably in neighbouring Egypt and Syria. ***Combined with*** a weaker global environment, the repeated disruptions to the flow of natural gas from Egypt, which have forced Jordan to replace gas imports from Egypt with more expensive fuels for electricity generation, and the ***important inflow of*** refugees from Syria have resulted in important external and budgetary financial gaps.

#### *Amendment*

(2) Jordan's economy has been significantly affected by domestic events related to the events in the Southern Mediterranean since the end of 2010, known as the "Arab Spring", and by the ongoing regional unrest, notably in neighbouring Egypt and Syria. ***In particular, the high inflow of refugees from Syria who have sought refuge in Jordan is having a severe impact on Jordan's economy. In the context of a much*** weaker global ***economic*** environment, the repeated disruptions to the flow of natural gas from Egypt, which have forced Jordan to replace gas imports from Egypt with more expensive fuels for electricity generation, and the ***significant financial resources required to provide humanitarian assistance to the*** refugees from Syria ***who are present on Jordan's territory***, have resulted in important external and budgetary financial gaps.

### Amendment 3

#### Proposal for a decision Recital 3 a (new)

*Text proposed by the Commission*

*Amendment*

***(3a) Jordan's geographical position makes it also a strategic country for stability and security in the Middle East, but equally makes the country particularly vulnerable to external shocks, both in political and economic terms. It is therefore important to provide adequate support to Jordan and to further political and economic dialogue between the Union and Jordan.***

### Amendment 4

#### Proposal for a decision Recital 4

*Text proposed by the Commission*

*Amendment*

(4) Jordan has embarked on a *series* of political reforms, most notably leading to the adoption by the Jordanian Parliament in September 2011 of over 40 constitutional amendments, representing a significant step towards a fully-fledged democratic system. Political and economic support from the Union to Jordan's reform process is consistent with the Union's policy towards the Southern *Mediterranean* region, as set out in the context of the ENP.

***(4) Under the guidance of H.M. King Abdullah II, Jordan has embarked on a very wide-ranging process of political reforms, most notably leading to the adoption by the Jordanian Parliament in September 2011 of over 40 constitutional amendments, representing a significant step towards a fully-fledged democratic system. Challenges to human rights and fundamental freedom still exist, particularly regarding freedom of expression and digital freedoms. It is important to support the process of reforms. Therefore, political and economic support from the Union to Jordan's reform process is **not only** consistent with the Union's policy towards the Southern Mediterranean region, as set out in the context of the ENP, but is also in the***

*Union's interest.*

## **Amendment 5**

### **Proposal for a decision**

#### **Recital 7 a (new)**

*Text proposed by the Commission*

*Amendment*

*(7a) Jordan should be considered eligible to receive the Union's macro-financial assistance, in consideration of the fact that it is a country covered by the ENP. In this context, it is important to continue to promote close cooperation and dialogue with Jordan within the framework of the ENP with a view to strengthening Jordan's democratic, political and economic stability.*

## **Amendment 6**

### **Proposal for a decision**

#### **Recital 9 a (new)**

*Text proposed by the Commission*

*Amendment*

*(9a) EU macro-financial assistance to Jordan must be in keeping with the general principles underpinning EU external action and support the fundamental rights and values that the EU promotes through its external action, such as democracy, the rule of law, good governance and human rights.*

## **Amendment 7**

### **Proposal for a decision**

#### **Recital 9 b (new)**

*Text proposed by the Commission*

*Amendment*

***(9b) In order to ensure the coherence of the steps taken, the Commission and the EEAS should consult each other before implementing any macro-financial assistance operations.***

## **Amendment 8**

### **Proposal for a decision Recital 10**

*Text proposed by the Commission*

*Amendment*

(10) The specific objectives of the Union macro-financial assistance should be to strengthen efficiency, transparency and accountability of the public finance management systems in Jordan and to promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation. These objectives should be regularly monitored by the Commission.

(10) The specific objectives of the Union macro-financial assistance should be to strengthen efficiency, transparency and accountability of the public finance management systems in Jordan and to promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation. The ***implementation of*** these objectives should be regularly monitored by the Commission.

## PROCEDURE

<b>Title</b>	Macro-financial assistance to the Hashemite Kingdom of Jordan						
<b>References</b>	COM(2013)0242 – C7-0119/2013 – 2013/0128(COD)						
<b>Committee responsible</b> Date announced in plenary	INTA 23.5.2013						
<b>Opinion by</b> Date announced in plenary	AFET 23.5.2013						
<b>Rapporteur</b> Date appointed	Annemie Neyts-Uyttebroeck 30.5.2013						
<b>Date adopted</b>	10.10.2013						
<b>Result of final vote</b>	<table> <tr> <td>+: </td><td>40</td></tr> <tr> <td>–: </td><td>2</td></tr> <tr> <td>0: </td><td>10</td></tr> </table>	+:	40	–:	2	0:	10
+:	40						
–:	2						
0:	10						
<b>Members present for the final vote</b>	Bastiaan Belder, Elmar Brok, Jerzy Buzek, Tarja Cronberg, Arnaud Danjean, Mark Demesmaeker, Marietta Giannakou, Ana Gomes, Andrzej Grzyb, Richard Howitt, Liisa Jaakonsaari, Anneli Jäätteenmäki, Jelko Kacin, Tunne Kelam, Nicole Kiil-Nielsen, Maria Eleni Koppa, Andrey Kovatchev, Paweł Robert Kowal, Eduard Kukan, Vytautas Landsbergis, Krzysztof Lisek, Sabine Lösing, Marusya Lyubcheva, Willy Meyer, Annemie Neyts-Uyttebroeck, Ioan Mircea Pașcu, Alojz Peterle, Tonino Picula, Mirosław Piotrowski, Bernd Posselt, Hans-Gert Pöttering, Cristian Dan Preda, Tokia Saïfi, György Schöpflin, Werner Schulz, Sophocles Sophocleous, Laurence J.A.J. Stassen, Davor Ivo Stier, Charles Tannock, Nikola Vuljanić, Sir Graham Watson, Karim Zéribi						
<b>Substitute(s) present for the final vote</b>	Charalampos Angourakis, Jean-Jacob Bicep, Andrew Duff, Hélène Flautre, Elisabeth Jeggle, Dominique Vlasto, Paweł Zalewski						
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Vojtěch Mynář, Andreas Pitsillides, Vilja Savisaar-Toomast						

2.10.2013

## **OPINION OF THE COMMITTEE ON BUDGETS**

for the Committee on International Trade

on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Hashemite Kingdom of Jordan (COM(2013)0242 – C7-0119/2013 – 2013/0128(COD))

Rapporteur: Nadezhda Neynsky

### **SHORT JUSTIFICATION**

Since early 2011, Jordan's economy has been significantly affected by domestic events related to the Arab Spring and the ongoing regional unrest, notably in neighbouring Egypt and Syria, which increased the inflow of refugees. Lower volumes of tourism and FDI flows, higher energy prices and the repeated disruption of natural gas supply from Egypt have inhibited economic growth and, thus, have resulted in deterioration in the balance of payments and fiscal position.

Despite the substantial fiscal consolidation efforts and financial support from foreign donors (including a USD 2 billion 36-month Stand-By Arrangement with the IMF), significant balance of payments and financial needs remain. In view of the worsening economic situation and outlook, the Jordanian government requested a macro-financial assistance from the EU in the amount of EUR 200 million.

In light of the strategic importance of the country in the context of the European Neighbourhood Policy and based on Article 212 TFEU, the Commission presented a legislative proposal for macro-financial assistance to the Hashemite Kingdom of Jordan amounting to EUR 180 million in the form of a medium-term loan. The loan would be financed through a borrowing operation by the Commission and the budgetary costs of the assistance will correspond to the provisioning, at a rate of 9%, of the amounts disbursed in the guarantee fund for external lending of the EU, from budget line 01 04 01 14 "Provisioning of the Guarantee Fund". The provisioning is expected to take place in the 2015-16 budgets.

The proposed MFA will be of exceptional nature and limited in time and will run in parallel to the IMF's Stand-by Agreement but with a shorter time span. It is complementary to assistance provided by other multilateral and bilateral donors in the context of the IMF

sponsored programme.

Assistance will be made available in two instalments over a period of two years with some frontloading given the urgency of the financial needs. The first instalment is expected in the end of 2013 to an amount of EUR 100 million and the second one in the first half of 2014 to an amount of EUR 80 million.

## AMENDMENTS

The Committee on Budgets calls on the Committee on International Trade, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Proposal for a decision

##### Recital 10

###### *Text proposed by the Commission*

(10) The specific objectives of the Union macro-financial assistance should be to strengthen efficiency, transparency and accountability of the public finance management systems in Jordan and to promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation. These objectives should be regularly monitored by the Commission.

###### *Amendment*

(10) The specific objectives of the Union macro-financial assistance should be to strengthen efficiency, transparency and accountability of the public finance management systems in Jordan and to promote structural reforms aimed at supporting sustainable and inclusive growth, ***improving the regulatory framework and climate for investments and for the proliferation of SMEs,*** employment creation, ***tax reform*** and fiscal consolidation. These objectives should be regularly monitored by the Commission.

### Amendment 2

#### Proposal for a decision

##### Article 2 - paragraph 1

###### *Text proposed by the Commission*

1. The Commission, acting in accordance with the examination procedure referred to in Article 6(2), shall be empowered to agree with the authorities of Jordan on the

###### *Amendment*

1. The Commission, acting in accordance with the examination procedure referred to in Article 6(2), shall be empowered to agree with the authorities of Jordan on the



economic policy and financial conditions attached to the Union macro-financial assistance, to be laid down in a Memorandum of Understanding which shall include a timeframe for their fulfilment (hereafter the 'Memorandum of Understanding'). The economic policy and financial conditions shall be consistent with the agreements or understandings referred to in Article 1(3). Those conditions shall aim, in particular, at strengthening the efficiency, transparency and accountability of public finance management systems in Jordan, including for the use of the Union macro-financial assistance. Progress in attaining these objectives shall be regularly monitored by the Commission.

economic policy and financial conditions attached to the Union macro-financial assistance, to be laid down in a Memorandum of Understanding which shall include a timeframe for their fulfilment (hereafter the 'Memorandum of Understanding'). The economic policy and financial conditions shall be consistent with the agreements or understandings referred to in Article 1(3). Those conditions shall aim, in particular, at strengthening the efficiency, transparency and accountability of public finance management systems in Jordan, including for the use of the Union macro-financial assistance, ***as well as at promoting structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation***. Progress in attaining these objectives shall be regularly monitored by the Commission.

## PROCEDURE

<b>Title</b>	Macro-financial assistance to the Hashemite Kingdom of Jordan						
<b>References</b>	COM(2013)0242 – C7-0119/2013 – 2013/0128(COD)						
<b>Committee responsible</b> Date announced in plenary	INTA 23.5.2013						
<b>Opinion by</b> Date announced in plenary	BUDG 23.5.2013						
<b>Rapporteur</b> Date appointed	Nadezhda Neynsky 20.5.2013						
<b>Date adopted</b>	2.10.2013						
<b>Result of final vote</b>	<table> <tr> <td>+: </td><td>33</td></tr> <tr> <td>–: </td><td>1</td></tr> <tr> <td>0: </td><td>2</td></tr> </table>	+:	33	–:	1	0:	2
+:	33						
–:	1						
0:	2						
<b>Members present for the final vote</b>	Reimer Böge, Zuzana Brzobohatá, Jean Louis Cottigny, Jean-Luc Dehaene, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Jens Geier, Ivars Godmanis, Lucas Hartong, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Ivailo Kalfin, Sergej Kozlik, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, George Lyon, Jan Mulder, Vojtěch Mynář, Nadezhda Neynsky, Andrej Plenković, Dominique Riquet, Alda Sousa, László Surján, Oleg Valjalo, Derek Vaughan, Angelika Werthmann						
<b>Substitute(s) present for the final vote</b>	Susy De Martini, Andreas Pitsillides, Peter Šťastný, Georgios Stavrakakis, Theodor Dumitru Stolojan						
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Eva Ortiz Vilella						

## PROCEDURE

<b>Title</b>	Macro-financial assistance to the Hashemite Kingdom of Jordan	
<b>References</b>	COM(2013)0242 – C7-0119/2013 – 2013/0128(COD)	
<b>Date submitted to Parliament</b>	29.4.2013	
<b>Committee responsible</b> Date announced in plenary	INTA 23.5.2013	
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	AFET 23.5.2013	BUDG 23.5.2013
<b>Rapporteur(s)</b> Date appointed	Vital Moreira 18.6.2013	
<b>Discussed in committee</b>	16.9.2013	
<b>Date adopted</b>	14.10.2013	
<b>Result of final vote</b>	+: 22 -: 1 0: 0	
<b>Members present for the final vote</b>	Laima Liucija Andrikienė, Maria Badia i Cutchet, Nora Berra, Daniel Caspary, María Auxiliadora Correa Zamora, Andrea Cozzolino, George Sabin Cutaş, Marielle de Sarnez, Christofer Fjellner, Yannick Jadot, Franziska Keller, Bernd Lange, Vital Moreira, Paul Murphy, Niccolò Rinaldi, Peter Šťastný, Robert Sturdy, Jan Zahradil	
<b>Substitute(s) present for the final vote</b>	Jarosław Leszek Wałęsa	
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Elisabeth Jeggle, Krzysztof Lisek, Iosif Matula, Paul Rübig, Catherine Stihler	
<b>Date tabled</b>	17.10.2013	