

26.5.2016

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REPORT

on the proposal for a decision of the European Parliament and of the Council
providing further macro-financial assistance to Tunisia
COM(2016)0067 – C6-0032/2016 – 2016/0039(COD)

Committee on International Trade

Rapporteur: Marielle de Sarnez

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

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a decision of the European Parliament and of the Council providing further macro-financial assistance to Tunisia

COM(2016)0067 – C6-0032/2016 – 2016/0039(COD)

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2016)0067),
 - 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 (C8-0032/2016),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade (A8-0187/2016),
1. Adopts its position at first reading, taking over the Commission proposal;
 2. Approves the joint statement by Parliament and the Council annexed to this resolution;
 3. 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;
 4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

**ANNEX TO THE LEGISLATIVE RESOLUTION
JOINT STATEMENT BY THE EUROPEAN PARLIAMENT AND THE COUNCIL**

This Decision is adopted without prejudice to the Joint Declaration adopted together with Decision 778/2013/EU of the European Parliament and of the Council providing further macro-financial assistance to Georgia, which is to continue to be regarded as the basis for all decisions of the European Parliament and Council providing macro-financial assistance to third countries and territories.

EXPLANATORY STATEMENT

Tunisia has succeeded in consolidating its democratic transition. It now has a constitution that safeguards rights and freedoms, with a consolidated judicial system and empowered media. It is led by a broad unity government that emerged from free and transparent elections, with an enterprising and modern civil society, and has rightly been rewarded with the Nobel Peace Prize for the Tunisian National Dialogue Quartet.

At present, however, Tunisia is going through very great difficulties. On a number of occasions it has been the target of terrorist murders and attacks which have hit key sectors of the country's economy, such as tourism. Growth, projected at 3% for 2015, has been revised down to 0.5% for 2016; the unemployment rate is 15% on average, 20% for women and 28.6% for young university graduates. The regional security and political context is extremely volatile, moreover, chiefly because of the border it shares with Libya.

Despite all these challenges, Tunisia continues to make very significant progress, firmly establishing democratic transition in the country, carrying out the reforms needed to modernise its economy and bolstering its relations with its partners, in particular the European Union, with which it is currently negotiating a free-trade agreement.

It is most important that Tunisia should succeed - that it should thwart all those who seek to destabilise it. For that reason, the EU must show solidarity and resolve to help and back Tunisia in its development process through very tangible actions directly benefiting the population of the country.

In that connection, macro-financial assistance (MFA) is an EU funding instrument which can be mobilised in order to support a non-EU country facing a crisis. Tunisia, thanks to the reforms which have been carried out in the country, fully meets the political preconditions for the granting of MFA to non-EU countries, notably respect for democracy, human rights and the rule of law.

On 15 May 2014, an initial EUR 300 million programme was approved for Tunisia by way of support for its reform efforts to improve public-finance management and operation of the fiscal system, strengthen the social safety net, overhaul the financial sector and improve the regulatory framework for trade and investment. Two tranches from the programme were disbursed in 2015; the third will be paid out during 2016.

In response to the Tunisian Government's request in August 2015, the Commission has made provision for a second MFA programme for Tunisia, totalling EUR 500 million, which will be granted in the form of medium-term financial-market loans on advantageous conditions. This assistance programme will back up the efforts made by Tunisia to improve its budgetary position and balance of payments and bring about a climate more conducive to investment.

Accordingly, your rapporteur endorses the Commission proposal and calls for the additional assistance programme to come into effect as quickly as possible in order to help Tunisia at what is a crucial juncture.

ANNEX: LETTER FROM THE COMMITTEE ON FOREIGN AFFAIRS

Ref.: D (2016) 17045

Mr Bernd Lange
Chair of the Committee on International Trade (INTA)

Subject: Macro-financial assistance to the Republic of Tunisia - COM(2016)67 final
COD(2016)0039

Dear Mr Lange,

As endorsed by the coordinators of the Foreign Affairs (AFET) committee and in order to allow for a swift process on this proposal, I have the honour in my capacity as Chair of AFET to convey, by means of the present letter, the opinion of our committee on the proposal for a decision of the European parliament and of the Council providing further macro-financial assistance to the Republic of Tunisia.

The AFET committee fully supports the proposal to grant this macro-financial assistance to the Republic of Tunisia of a maximum amount of EUR 500 million. However, as previously indicated for the first MFA-I operation, the possibility of providing assistance to Tunisia in the form of grants has not even been considered.

As indicated in the proposal, the economic situation of Tunisia is not optimal, with the country facing security challenges on top of its socio-economic ones, in a context of consolidation of its democratic transition. The persistent socio-economic and budgetary difficulties related to the instability remain a substantial challenge not just for Tunisia but for the entire region and for its main partner, the European Union.

It is very preoccupying that Tunisia's external debt increased from 48% of GDP in 2011 to about 56.2% of GDP in 2014 and is expected to peak at 72% of GDP in 2018. In spite of this, the macro-financial assistance shall be made available for a period of two and a half years, after the entry into force of the memorandum of understanding (cf. Article 1 (4)). Therefore, the external debt will be at its highest level during that period. As a result, a compensatory mechanism should already be envisaged to face the challenges ahead.

The costs incurred by the operations of borrowing and lending under this Decision of the Council and of the Parliament should not be borne by Tunisia, or at least should be divided between the EU and Tunisia (cf. Article 4).

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As Tunisia has been granted a “privileged partnership” status by the EU and following the establishment of the EU-Tunisia Joint Parliamentary Committee on 18 February this year, I would also like to recommend that the memorandum of understanding be negotiated by the European Commission and the Tunisian authorities (cf. Article 3) and debated by Members of this Joint Parliamentary Committee, which comprises both Members of the European parliament and the Assembly of the People’s Representatives of Tunisia. The monitoring referred to in Article 2, as well as the report on the implementation of the decision, referred to in Article 8, should also be discussed by the EU-Tunisia JPC.

The committee believes that the EU and the International Financial Institutions should show strong support for the stabilisation of this important partner of the Southern neighbourhood, especially in the light of the progress achieved in the consolidation of the democratic process and of the regional situation.

However, I would like to underline that the deadlines for adoption of Parliament’s position are unduly tight, since the referral of the proposal last 2 March 2016. This has hindered our committee to adopt an opinion on this very important matter. It has been brought to my attention that, in its planning, DG ECFIN even envisaged that Parliament would already adopt the decision at first reading on 27/28 April. Such suggestion would be rather dismissive of the way Parliament may deal with the democratic exercise of its legislative powers.

I would expect that the national situation and specificities of EU partners are appropriately taken into account and respected when negotiating important matters such as that of "macro-financial assistance". With the Ramadan taking place in June followed by the summer, the negotiations for the memorandum of understanding will have to be suspended until this autumn. Therefore, the insistence of the European Commission for Parliament to adopt its position in an expedited manner is unfounded.

I am confident that the INTA committee will duly take into account this position when adopting its position as well as during negotiations with the Council.

Yours sincerely,

Elmar Brok

CC: Mr Pier Antonio Panzeri, Chair of the Delegation for the relations with the Maghreb countries
Ms Marielle de Sarnez, rapporteur

ANNEX: LETTER FROM THE COMMITTEE ON BUDGETS

D(2016)20958

Mr Bernd LANGE
Chair
Committee on International Trade
European Parliament
ASP 12G205
Brussels

Subject: Proposal for a decision on providing further macro-financial assistance to Tunisia

Dear Chair,

The INTA committee is currently preparing its report on the proposal for a decision of the European Parliament and of the Council providing further macro-financial assistance to Tunisia (2016/0039(COD)).

Coordinators decided to submit the position of the Committee on Budgets by letter instead of preparing a formal opinion.

The Committee on Budgets acknowledges that the economic consequences of political transition, regional instability, security threats and social unrest are affecting an already fragile balance of payments and fiscal position in Tunisia.

A first MFA operation of EUR 300 million was launched in 2014 to complement an International Monetary Fund programme. On a request from the Tunisian Government, this new proposal (MFA-II) is also a complement to the successor IMF programme and would amount to a further EUR 500 million in the form of medium-term loans (to be disbursed in three tranches) in order to cover Tunisia's residual external financing needs.

The Committee on Budgets takes note of the fact that the External Guarantee Fund would be provisioned by an amount of EUR 45 million (9% of the loans). The appropriations will have to be entered in the Union budget with a two years' time lag, namely in the 2018 and 2019 budgets assuming that loan disbursements take place in 2016 and 2017.

The Committee on Budgets supports the proposed MFA-II operation, as a necessary complement to international and European assistance for Tunisia and as a demonstration of solidarity with this country.

The Committee notes that a number of small changes have been brought to the standard text of MFA decisions in order to provide slightly more flexibility in the application of

conditionality. It therefore calls on the Commission to ensure that conditions attached to MFA operations are duly enforced, while taking into account the specific situation of beneficiary countries namely the degree of a country's commitment and the challenges it is faced with.

The Committee stresses, however, that MFA loans are just one of the tools available to support Tunisia and that the option of providing MFA grants under macro-financial assistance could have been considered.

It recalls that the main instrument for supporting Tunisia is the European Neighbourhood Instrument (ENI), under which an average EUR 115 million per year has been allocated to that country since the beginning of the 2014-2020 MFF period, not counting regional programmes. Within the ENI, Tunisia has been the first beneficiary of the umbrella programme rewarding progress in democratic reform ('more for more' principle) with an additional EUR 71,8 million in 2015.

Tunisia also benefits from funding under the Instrument contributing to Stability and Peace and the European Instrument for Democracy and Human Rights, and participates in EU programmes like Erasmus+.

Therefore, in order to live up to the challenges of democratic reforms on the one hand, of stability and security on the other hand, the Committee calls on the Commission to keep enhancing the Union support to Tunisia, and stands ready to consider any appropriate budgetary proposal under the relevant instruments to that effect.

Yours sincerely,

Jean Arthuis

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Macro-financial assistance to Tunisia	
References	COM(2016)0067 – C8-0032/2016 – 2016/0039(COD)	
Date submitted to Parliament	12.2.2016	
Committee responsible Date announced in plenary	INTA 25.2.2016	
Committees asked for opinions Date announced in plenary	AFET 25.2.2016	BUDG 25.2.2016
Not delivering opinions Date of decision	AFET 15.3.2016	BUDG 16.3.2016
Rapporteurs Date appointed	Marielle de Sarnez 15.3.2016	
Discussed in committee	4.4.2016	20.4.2016
Date adopted	24.5.2016	
Result of final vote	+: –: 0:	30 4 2
Members present for the final vote	Maria Arena, Tiziana Beghin, Daniel Caspary, Salvatore Cicu, Marielle de Sarnez, Santiago Fisas Aixelà, Christofer Fjellner, Karoline Graswander-Hainz, Ska Keller, Jude Kirton-Darling, Alexander Graf Lambsdorff, Bernd Lange, David Martin, Emmanuel Maurel, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Artis Pabriks, Franck Proust, Godelieve Quisthoudt-Rowohl, Inmaculada Rodríguez-Piñero Fernández, Tokia Saïfi, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Hannu Takkula, Iuliu Winkler, Jan Zahradil	
Substitutes present for the final vote	Reimer Böge, Edouard Ferrand, Sander Loones, Georg Mayer, Fernando Ruas, Lola Sánchez Caldentey, Judith Sargentini, Jarosław Wałęsa	
Substitutes under Rule 200(2) present for the final vote	Dominique Bilde	
Date tabled	26.5.2016	