



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Budgets

2013/0128(COD)

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

PA_Legam

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 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

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.

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

Title	Macro-financial assistance to the Hashemite Kingdom of Jordan						
References	COM(2013)0242 – C7-0119/2013 – 2013/0128(COD)						
Committee responsible Date announced in plenary	INTA 23.5.2013						
Opinion by Date announced in plenary	BUDG 23.5.2013						
Rapporteur Date appointed	Nadezhda Neynsky 20.5.2013						
Date adopted	2.10.2013						
Result of final vote	<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						
Members present for the final vote	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 Kozlík, 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						
Substitute(s) present for the final vote	Susy De Martini, Andreas Pitsillides, Peter Šťastný, Georgios Stavrakakis, Theodor Dumitru Stolojan						
Substitute(s) under Rule 187(2) present for the final vote	Eva Ortiz Vilella						