



Plenary sitting

A9-0045/2019

6.12.2019

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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 the Hashemite Kingdom of
Jordan
(COM(2019)0411 – C9-0116/2019 – 2019/0192(COD))

Committee on International Trade

Rapporteur: Luisa Regimenti

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 the Hashemite Kingdom of Jordan (COM(2019)0411 – C9-0116/2019 – 2019/0192(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2019)0411),
 - having regard to Article 294(2) and Article 212(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0116/2016),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the Joint Declaration of the European Parliament and of the Council adopted together with Decision No 778/2013/EU of the European Parliament and of the Council of 12 August 2013 providing further macro-financial assistance to Georgia¹,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the letters from the Committee on Budgets and the Committee on Foreign Affairs,
 - having regard to the report of the Committee on International Trade (A9-0045/2019),
1. Adopts its position at first reading taking over the Commission proposal;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ OJ L 218, 14.8.2013, p. 15.

EXPLANATORY STATEMENT

In recent years, Jordan has been significantly affected by regional unrest, notably in neighbouring Iraq and Syria. This regional unrest has taken a heavy toll on the country's internal stability.

The Syrian conflict has impacted Jordan not only by disrupting trade with and through Syria but also by causing an inflow of around 1.3 million of Syrians refugees (according to estimates from the Jordanian authorities) of which 660,330 are registered with the office of the United Nations High Commissioner for Refugees – UNHCR (data as of 4 august 2019), and of which Jordan took over more than any other Arab country. This large inflow of Syrian refugees into Jordan has increased pressure on Jordan's fiscal position, public services and infrastructure, as well as predictably weighing on the maintenance of a quite high demographic growth rate.

In particular, Jordan is pursuing its commitments under the EU-Jordan Compact on the access to affordable public health care and to labour market for Syrian refugees to ensure their dignified existence, despite the challenges still to be addressed.

Jordan's stability is therefore essential to prevent the implosion of the Middle East situation linked to the dramatic refugee crisis.

It is also important to underline the continued commitment of Jordan to the fight against Islamic terrorism, which is an absolute priority for the EU, its Member States, and its international partners, through systematic operations and a tightening of anti-terrorist laws.

A broadly appropriate policy response and the international support received allowed the country to maintain a certain stability and to continue the democratisation process.. However, Jordan's economy remains vulnerable to external shocks as shown by the fact that real growth fell to 1.9% in 2018, its lowest rate since 1996, while unemployment rose to 19% in early 2019, whereas foreign investment plummeted.

We have also witnessed the efforts put in by Jordan from the point of view of the protection of fundamental rights and freedoms, to such an extent that Jordan can now be considered one of the most democratic states in the Middle East.

Respect for human rights in Jordan is one of the most extensive and structured in the Middle East. This situation, which is constantly evolving, is also due to the efficiency of the use by the Jordan authorities of the previous two macro-financial aid programmes provided by the European Union. These not only helped to stabilise the economic position of the country, but also enabled social and human progress in Jordan, especially on women's rights, as demonstrated, last but not least, by the reform of the internal penal code, which has recognised greater protection to women victims of violence.

Finally yet importantly, thanks to the progress in mutual market opening, the existence of a financially stable foreign partner is also a guarantee for EU companies for which, thanks to the agreements concluded in recent years, there might be better opportunities for trade, entrepreneurship and investment in Jordan.

In this context, we believe that Jordan has proved to be a country worthy of such further financial assistance from the EU.

On 11 July 2019, Jordan addressed an official request for a macro-financial assistance from the EU for EUR 500 million, as anticipated during the EU-Jordan Association Council on 26 June 2019.

In light of this request, the Commission has submitted to Parliament and Council a proposal to provide the requested MFA in the form of loans in three instalments.

The proposed MFA would be the third MFA allocated to Jordan. It would follow the MFA - I for an amount of EUR 180 million in loans, adopted by Parliament and Council in December 2013 and completed in October 2015; and the MFA - II for an amount of EUR 200 million in loans, adopted in December 2016 and completed in July 2019.

The third MFA programme is part of a wider effort by the EU and other international donors, agreed at the “London Initiative” conference, which took place in February 2019, to re-confirm the intentions to support Jordan’s efforts to preserve internal stability and enhance growth prospects.

It is essential that the Memorandum of Understanding to be negotiated between the Commission and the Jordanian authorities states that the aid granted, which is greater than the previous two already issued, should be also effectively aimed at encouraging the development of entrepreneurial investments and projects of the country, as well as providing for periodic monitoring of the actual use of funds.

For all the above reasons, the Rapporteur is of the view that the requested MFA represents an appropriate intervention.

3.12.2019

MINORITY POSITION

pursuant to Rule 55(4) of the Rules of Procedure
Jérémy Decerle, Kathleen Van Brempt, Heidi Hautala, Helmut Scholz

As a pro-European political groups, convinced of the interest and importance of the European Neighbourhood Policy, Renew Europe, S&D Group, Greens/EFA and GUE/NGL fully support the European Commission's approach of providing financial support to Jordan, whose economy is heavily affected by regional unrest, particularly in Iraq and Syria. In this sense, our political groups will support Mrs Luisa Regimenti's legislative report endorsing the allocation to this country of a third macro-financial assistance of EUR 500 million to aid this country to recover its economy and carry out its reforms. Nevertheless, our groups would like to state that our support for this report, whose rapporteur is from ID Group, cannot in any way link us to this political group and the Eurosceptic positions it conveys, against which we firmly opposed.

LETTER FROM THE COMMITTEE ON BUDGETS

Mr Bernd Lange, Chair
Committee on International Trade
BRUSSELS

Subject: Proposal for a decision of the European Parliament and of the Council providing further macro-financial assistance to the Hashemite Kingdom of Jordan (COM(2019)0411 – C9-0000/2019 – 2019/0192(COD))

Dear Chair,

The Committee on International Trade is preparing a report on the proposal for a decision of the European Parliament and of the Council providing further macro-financial assistance to the Hashemite Kingdom of Jordan 2019/0192 (COD), for an amount of EUR 500 million.

The coordinators of the Committee on Budgets decided to submit an opinion in the form of a letter:

A. Whereas the Jordanian economy and society are strained by the regional unrest, notably in Iraq and Syria, the inflow of Syrian refugees but also wider economic and financial consequences of the Syrian crisis and of regional instability; whereas the Jordan's hospitality provided to some 1.3 million Syrian refugees should be hailed;

B. Whereas, since the beginning of the Syrian crisis in 2011, the Union has made available more than EUR 2.1 billion to Jordan under different instruments (including EUR 380 million under 2013 and 2016 MFA programmes), of which almost EUR 1.3 billion to help the country cope with the consequences of the Syrian crisis; whereas, for 2019, EUR 125 million have been committed for actions in Jordan itself, mainly via the European Neighbourhood Instrument (EUR 99 million in commitment appropriations) but also humanitarian aid (EUR 20 million) and the Instrument contributing to Stability and Peace (EUR 6 million); whereas the 'Madad' Trust Fund in response to the Syrian crisis, funded largely from the European Neighbourhood Instrument, has also been extensively used in Jordan;

C. Whereas the EU's support, including the 2013 and 2016 MFA packages of EUR 180 million and of 200 million in loans respectively, is part of a wider effort by the EU and other international donors, agreed at the conference on 'Supporting Syria and the Region' held in London on 4 February 2016; whereas the commitment of the international community towards Jordan's macroeconomic stability and growth prospects has been confirmed steadily since then, including during the Brussels 2017 and 2018 conferences on 'Supporting the Future of Syria', the London Initiative conference of February 2019 and the Brussels-III conference of March 2019;

D. Whereas Jordan has always been playing a pivotal role in hosting Palestinian refugees with the support of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which is active in this country; whereas the EU contributes every year to the financing of this UN agency;

E. Whereas the proposed MFA amounts to EUR 500 million and would be provided in the form of loans in three instalments; whereas, assuming that the first two disbursements will be made in 2020 for a total amount of EUR 300 million and the third one in 2021 for the amount of EUR 200 million, the corresponding provisioning amounts would be entered in the Union budget with a two years' lag, namely EUR 27 million in 2022 and EUR 18 million in 2023;

Keen on a rigorous assessment of the needs, the Committee on Budgets therefore:

1. Takes the view that the present MFA III package should be adopted swiftly as part of the commitments taken by the Union in order to strengthen the resilience of Jordan and host communities;
2. Insists that, in parallel, the Union should make sure that Jordan delivers on respecting effective democratic mechanisms and the rule of law, and guarantees respect for human rights; the Union's macro-economic assistance should also strengthen the efficiency, transparency and accountability of the public finance management systems in Jordan and promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation, especially by addressing the structural losses of the state electricity and water companies; the Committee on Budgets also notes the fragilities of the Jordanian society, namely when it comes to the unemployment (19% in Q1 2019), in particular of the youth (38,5%);
3. Requests the Commission to report comprehensively to Parliament on the evolution of the loan disbursements and the corresponding needs for the provisioning of the Guarantee fund for external actions of the EU;
4. Recalls that MFA loans are just one of the tools available to support Jordan and the option of providing MFA grants under macro-financial assistance could have also been considered;
5. In order to live up to the challenges that Jordan is facing, calls on the Commission to keep enhancing the Union support to Jordan, and stands ready to consider any appropriate budgetary proposal under the relevant instruments to that effect;
6. Fully aware of the shortage of available funds in heading 4 (Global Europe), the Committee on Budgets insists that the next Multiannual Financial Framework must allow for sustained, robust but also flexible EU response to its partners' needs, especially in a fast-changing environment.

Yours sincerely,

Johan Van Overtveldt

LETTER FROM THE COMMITTEE ON FOREIGN AFFAIRS

Ref: D(2019) 44467

Mr Bernd Lange
Chair
Committee on International Trade

Subject: Proposal for a decision of the European Parliament and of the Council providing further macro-financial assistance to the Hashemite Kingdom of Jordan

Dear Chair,

The Committee on International Trade is preparing a report on the proposal for a decision of the European Parliament and of the Council providing further macro-financial assistance to the Hashemite Kingdom of Jordan (2019/0192 (COD) - COM (2019) 0411) for an amount of EUR 500 million.

The coordinators of the Committee on Foreign Affairs asked me to convey by means of this letter the main observations and remarks of my Committee on the Commission proposal and draft Council Decision.

The Committee on Foreign Affairs fully supports the Commission proposal, on the grounds that:

- (i) It points to the positive results of macro-financial assistance delivered by the EU to Jordan so far,
- (ii) It recognises the importance to continue to provide incentives to step up Jordan's reform efforts, and
- (iii) It anchors macro-financial assistance to Jordan to effective democratic mechanisms and the respect for human rights.

The protracted conflict in Syria, the fragility of Iraq and the threat of ISIS along the Jordanian-Iraqi border as well as the protracted precarious political and economic stability of Lebanon have all considerably reduced Jordan's possibilities of export to the region and have had a negative impact on the economic situation in Jordan, with particular reference to youth unemployment and the prospects for socio-economic and political stability. In addition, Jordan has provided shelter to 1.3 million Syrian refugees as well as refugee communities from Iraq.

In this context, it should be noted that Jordan has continued to advance its process of democratic and economic reforms. Much has been done and much more can be done and the European Union should continue to support, through macro-financial assistance, the conditions for socio-economic stability that will allow Jordan, in turn, to continue to invest in its process of reforms.

Jordan remains an important regional partner of the EU, considering:

- (i) Jordan's commitment to advancing the Middle East Peace Process and its firm commitment to the two-State solution,

- (ii) Jordan's role as the Custodian of the Holy places in Jerusalem and as an important promoter of interfaith dialogue and religious tolerance,
- (iii) Jordan's engagement for close dialogue and cooperation with the EU on the process of political and economic reforms and on regional challenges,
- (iv) Jordan's engagement for a stronger and more effective Union for the Mediterranean.

With this in mind, the Committee on Foreign Affairs takes the view that:

- a) It is important to recall Jordan's role as one of the anchors of the Middle East Peace Process and the possibility to advance the two-State solution. For this reason, it is important to support Jordan in its quest to maintain socio-economic stability - and therefore political stability - and the conditions for the process of reforms. A politically and socially stable Jordan will be able to continue to play an important role as advocate for peace in the region and negotiations for a two State solution. As also stated by King Abdullah II recently, youth employment will be key for the stability of the country and the region.
- b) It is important to underline that Jordan has decided to take relevant first steps towards the socio-economic integration of its large Syrian refugee community. In a context where Syrian refugees may not be able to voluntarily return to Syria for much longer, this is an important initiative towards creating the conditions for longer-term integration, economic independence, and contribution to Jordan's economic growth. Jordan has equally committed to securing access to education for every child on its territory and must be able to maintain access to financial resources in order to achieve this objective.
- c) As part of its efforts for longer-term economic stability in Jordan, the EU should support Jordan in securing stable access to energy sources, with particular reference to investment in renewable energy sources and natural gas resources available in the region and the possibility of longer-term stable natural gas supply from Egypt and Israel. The Partnership Priorities for cooperation between the EU and Jordan until the end of 2020 and beyond could be integrated to reflect the value of EU assistance to Jordan also in the energy sector.

I am confident that the Committee on International Trade will duly take into account these observations when adopting its position.

Yours sincerely,

David McAllister

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Macro-financial assistance to the Hashemite Kingdom of Jordan	
References	COM(2019)0411 – C9-0116/2019 – 2019/0192(COD)	
Date submitted to Parliament	6.9.2019	
Committee responsible Date announced in plenary	INTA 16.9.2019	
Committees asked for opinions Date announced in plenary	AFET 16.9.2019	BUDG 16.9.2019
Not delivering opinions Date of decision	AFET 30.9.2019	
Rapporteurs Date appointed	Luisa Regimenti 23.9.2019	
Discussed in committee	2.10.2019	6.11.2019
Date adopted	3.12.2019	
Result of final vote	+: 36 -: 0 0: 0	
Members present for the final vote	Nikos Androulakis, Geert Bourgeois, Jordi Cañas, Daniel Caspary, Ellie Chowns, Miroslav Číž, Arnaud Danjean, Nicola Danti, Barbara Ann Gibson, Enikő Győri, Roman Haider, Christophe Hansen, Heidi Hautala, Danuta Maria Hübner, Jude Kirton-Darling, Maximilian Krah, Danilo Oscar Lancini, Bernd Lange, Samira Rafaela, Luisa Regimenti, Inma Rodríguez-Piñero, André Rougé, Massimiliano Salini, Helmut Scholz, Liesje Schreinemacher, Sven Simon, Mihai Tudose, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jörgen Warborn, Iuliu Winkler, Jan Zahradil	
Substitutes present for the final vote	Saskia Bricmont, Jérémy Decerle, Seán Kelly, Witold Jan Waszczykowski	
Date tabled	6.12.2019	

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

36	+
ECR	Geert Bourgeois, Witold Jan Waszczykowski, Jan Zahradil
GUE/NGL	Helmut Scholz
ID	Roman Haider, Maximilian Krah, Danilo Oscar Lancini, Luisa Regimenti, André Rougé
PPE	Daniel Caspary, Arnaud Danjean, Enikő Győri, Christophe Hansen, Danuta Maria Hübner, Seán Kelly, Massimiliano Salini, Sven Simon, Jörgen Warborn, Iuliu Winkler
RENEW	Jordi Cañas, Jérémy Decerle, Barbara Ann Gibson, Samira Rafaela, Liesje Schreinemacher, Marie-Pierre Vedrenne
S&D	Nikos Androulakis, Miroslav Číž, Nicola Danti, Jude Kirton-Darling, Bernd Lange, Inma Rodríguez-Piñero, Mihai Tudose, Kathleen Van Brempt
VERTS/ALE	Saskia Bricmont, Ellie Chowns, Heidi Hautala

0	-

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention