

SENATE OF THE REPUBLIC

17TH PARLIAMENTARY TERM

DOC. XVIII

No 118

RESOLUTION OF THE THIRD STANDING COMMITTEE

(Foreign affairs, emigration)

(Rapporteur VERDUCCI)

approved at the session of 5 April 2016

ON THE

PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL PROVIDING FURTHER MACRO-FINANCIAL ASSISTANCE TO TUNISIA (COM (2016)67 FINAL)

pursuant to Article 144(1) and (6) of the Rules of Procedure

Sent to the Speaker's Office on 8 April 2016

TABLE OF CONTENTS

Text of the resolution	Page 3
Comments of the 14th Standing Committee	Page 4

17TH PARLIAMENTARY TERM - DRAFT LAWS AND REPORTS - DOCUMENTS - DOC. XVIII, No 118

The Committee,

having examined the proposal for a decision of the European Parliament and of the Council providing further macro-financial assistance to Tunisia, in accordance with Article 144(1) of the Rules of Procedure;

whereas the purpose of this initiative is to provide assistance in the form of a medium-term loan of up to EUR 500 000 000;

whereas this should help Tunisia to cover part of its residual external financing needs for the period 2016-2017, identified by the European Commission on the basis of IMF estimates;

whereas the political and economic stabilisation of Tunisia in the interests of the country's transition to democracy, which started with the Arab Spring and has been made harder by the difficult regional context, constitutes an essential interest of the European Union, in particular in the light of the recent revision of the European Neighbourhood Policy and Tunisia's special geopolitical position,

noting with great concern the major decline in tourism following the recent terrorist attacks and the ensuing sense of insecurity, and the impact of this decline on the whole Tunisian economy;

in view of the absolute necessity of supporting the consolidation of democratic institutions in Tunisia and mitigating the miserable conditions in which broad swathes of the Tunisian population are still living, in a period marked by great political instability throughout the Mediterranean region and by the risk of radicalisation, which has, tragically, affected Tunisia itself, with the string of attacks there in 2015, the constant threat of extremist infiltration from Libya and the fact that there are clearly Tunisian citizens ready to swell the ranks of the 'foreign fighters';

having read, and agreed with, the comments of the 14th Standing Committee, particularly as regards the principles of subsidiarity and proportionality;

whereas, in particular, the proposal:

complies with the principle of subsidiarity since the initiative is more effective than, and in any case complementary to, action by individual Member States;

complies with the principle of proportionality, since it confines itself to the minimum measures needed to achieve the objective of macro-economic stability in the short term, which the IMF is also involved in pursuing;

welcomes the proposal.

OPINON OF THE 14TH STANDING COMMITTEE

(EUROPEAN UNION POLICIES)

(Rapporteur: MARAN)

30 March 2016

The Committee,

recalling that since 2011 the European Union has, in response to the political changes in Tunisia, expressed its commitment to supporting the country in its economic and political reform process, which led to the first free and democratic elections in 2011 and, in January 2014, the adoption of a new Constitution.

also recalling that in August 2013 Tunisia asked the European Union for macro-financial assistance of EUR 300 million, in addition to that provided under the IMF programme, and payment of this assistance commenced in May 2015;

whereas, in 2015 the Tunisian economy was hit hard by a series of terrorist attacks that targeted key sectors of the economy like tourism and transport and aimed to disrupt the consolidation of its political transition. These attacks did damage to the economic recovery Tunisia was beginning to experience. Together with persistent regional instability (including the resumption of the Libyan conflict) and the still weak economic environment in Europe and world-wide, these events exacerbated Tunisia's already weak balance-of-payments and fiscal positions, resulting in major budget and foreign-financing deficits;

whereas, against this background, in August 2015 Tunisia asked the European Union to provide additional macro-financial assistance to cover its immediate external financing needs and support implementation of a political programme that includes vigorous recovery and structural reform measures designed to improve the balance-of-payments situation in the short term;

whereas, therefore, the proposal provides for a second round of macro-financial assistance to Tunisia in the amount of EUR 500 000 000 in the form of medium-term loans, financed from loans with the same value date taken out by the European Commission for this purpose on the capital market or from financial institutions. The assistance will be paid out in three instalments to cover part of Tunisia's residual external financing needs, estimated to be approximately USD 2.9 billion for the period 2016-2017;

whereas, under Article 2 of the proposal, the grant of the macro-financial assistance is subject to Tunisia respecting effective democratic mechanisms (including a multi-party parliamentary system) and the rule of law and guaranteeing respect for human rights, which will be monitored by the European External Action Service. Moreover, under Article 3 a Memorandum of Understanding will be signed, setting out the precise economic policy and financial conditions agreed upon, which will focus on structural reforms designed to enhance economic growth and sound public finances and also take account of mutual market

17TH PARLIAMENTARY TERM - DRAFT LAWS AND REPORTS - DOCUMENTS - DOC. XVIII, No 118

opening, the development of rules-based, fair trade, and other priorities in the context of the Union's external policy. Under Article 6, the Loan Agreement must contain provisions on combating fraud, under which Tunisia will have to check that financing provided from the budget of the Union has been properly used, take appropriate measures to prevent irregularities and fraud, and, if necessary, take legal action to recover any funds that have been misappropriated,

issues a favourable opinion, for matters within its remit, with the following comments:

the legal basis has been correctly identified as Article 212 TFEU, which provides that the ordinary legislative procedure is to be used for the adoption of economic, financial and technical cooperation measures, including special financial assistance, within the framework of the principles and objectives of EU external action;

the proposal adheres to the principle of subsidiarity, since the objective of re-establishing macro-economic stability in Tunisia in the short-term cannot be achieved sufficiently effectively by Member States acting individually because of national budgetary constraints and the need for close coordination between donors in order to maximise the scope and efficiency of the assistance. The two criteria, namely that the European action must be necessary and must provide added value, are thus met;

it also adheres to the principle of proportionality, since the proposed provisions do not go beyond what is necessary to reduce the Tunisian economy's short-term balance-of-payments and fiscal vulnerabilities.