

TRANSLATION

ITALIAN SENATE
17TH PARLIAMENTARY TERM

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RESOLUTION OF THE 3rd STANDING COMMITTEE

(Foreign Affairs, Emigration)

(Rapporteur: AMORUSO)

adopted at the sitting of 28 September 2016

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 (2016) 431 FINAL)

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

Sent to the President's Office on 5 October 2016

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The Committee, having examined, pursuant to Article 144(1) of the Rules of Procedure, the Proposal for a Decision of the European Parliament and of the Council providing further macro-financial assistance to the Hashemite Kingdom of Jordan;

whereas:

Jordan is an essential factor of stability in the Middle East and a privileged partner of European countries and of the United States and, last but not least, of the anti-Daesh coalition;

for years Jordan has been significantly affected, in particular economically, by the conflicts in the region, and to date has accepted more than one million refugees, most of whom have come from Syria and Iraq;

in an already difficult international economic situation, Jordan's public finances are still in turmoil, affected by the fall in tourist revenue and in direct foreign investment, blocked trade routes and repeated disruptions to the flow of natural gas from Egypt;

noting that:

the Commission's initiative is aimed at providing macro-financial assistance worth a maximum of €200 million in the form of a medium-term loan, which will contribute to covering Jordan's residual external financing needs in 2016-2017, which the Commission has identified, on the basis of IMF estimates, at about \$3.2 billion;

the proposed measure appears to be consistent with the new European neighbourhood policy and with the pledges made by the international community at the London conference to assist the countries most affected by the Syrian refugee crisis;

the assistance will be managed by the Commission, which will agree with the Jordanian authorities on the specific financial and economic policy conditions governing payment of each instalment and will lay down specific provisions on the prevention of fraud and other irregularities;

whereas, finally:

from the point of view of subsidiarity, we have no objections to the proposal since it complements the action of the Member States;

it also 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 as part of an initiative that the IMF is also involved in pursuing;

welcomes the proposal.

OPINION OF THE 14TH STANDING COMMITTEE
(EUROPEAN UNION POLICIES)
(Rapporteur: COCIANCICH)

26 July 2016

The Committee, having examined the proposal:

whereas:

since 2011 and the outbreak of the conflict in Syria, the European Union has committed itself to helping Jordan address the economic and social consequences of the Syrian crisis, and in particular the presence of a large number of Syrian refugees in Jordan, and has increased its financial support to Jordan, strengthening its cooperation in many fields including civil society, the electoral system, security, regional development, and economic and social reforms;

in December 2012 Jordan asked the EU for macro-financial assistance to complement the International Monetary Fund adjustment programme which had been agreed a few months beforehand. The assistance amounted to €180 million, the first tranche of which was disbursed in February 2015;

the intensification of the Syrian crisis in 2015 has, because of its effects on trade, tourism and investor confidence, had extremely adverse effects on Jordan, which has also suffered due to the reduction in the financial support provided by the Gulf Cooperation Council (GCC) countries following the decline in oil prices. As a result, there has been a further downturn in economic growth and a rise in unemployment, while new fiscal and external financing needs have emerged;

in this context, the European Union has reaffirmed its commitment to supporting Jordan in addressing its economic and social problems and carrying out the necessary reforms. At the conference 'Supporting Syria and the Region', held in London on 4 February 2016, the international community pledged approximately \$10 billion in financial support for the countries most affected by the Syrian refugee crisis, while the EU pledged €2.39 billion;

subsequently, in March 2016, Jordan asked the EU for further macro-financial assistance to complement the programmes and resources made available by the IMF and the World Bank with a view to addressing the country's immediate external financing needs and underpinning the implementation of a policy programme containing strong and immediate adjustment and structural reform measures designed to improve the balance-of-payments position in the short term;

the proposal therefore envisages further macro-financial assistance for Jordan amounting to €200 million in the form of medium-term loans, which the European Commission will finance by obtaining corresponding loans with the same maturity date on capital markets or from financial institutions, aimed at covering part of the residual external financing needs;

given that:

whereas, under Article 2 of the proposal, the grant of the macro-financial assistance is subject to Jordan 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 Commission and the European External Action Service;

under Article 3 a Memorandum of Understanding will be signed, setting out the precise economic policy and financial conditions, which will focus on structural reforms designed to enhance sustainable economic growth and on sound public finances and also take account of the progress made in the reciprocal opening of markets, 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 Jordan will have to check that financing provided from the budget of the European 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,

comments favourably on the proposal, within its area of responsibility, as follows:

the legal basis has been correctly identified as Article 212 TFEU, which provides for the ordinary legislative procedure 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 Jordan 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 concerning the necessity for European action and its added value are therefore fulfilled;

the principle of proportionality is also complied with since the size of the loan and the conditions on which it is granted do not go beyond what is necessary to reduce the short-term vulnerability of the Jordanian economy in terms of the balance of payments and public finances.