Further macro-financial assistance to Jordan

2019/0192(COD) - 06/09/2019 - Document attached to the procedure

This Commission staff working document (ex-ante evaluation statement) accompanies the proposal for a Decision of the European Parliament and of the Council providing further Macro-Financial Assistance (MFA) to the Hashemite Kingdom of Jordan.

The EU and Jordan enjoy excellent relations and have been linked by an Association Agreement since 2002 (advanced status since 2010). The EU is Jordan’s first trading partner, accounting for 17.1% (in value terms) of Jordan’s total trade in 2018. Jordanian goods exports to the EU amounted to EUR 300 million in 2018 while goods imports from the EU amounted to EUR 3.6 billion (in value terms).

The EU is also an important source of assistance to the reform process in Jordan. The EU has already disbursed to Jordan EUR 380 million in the context of two MFA programmes implemented over the period 2015-2019.

The Commission assessed Jordan’s macro-economic and political situation with a view to submitting to the European Parliament and the Council a proposal to provide MFA of EUR 500 million to Jordan in the form of loans.

While major political, security, economic and social challenges remain, Jordan has made progress towards a more effective democratic political system based on the rule of law and respect for human rights. The EU is fully committed to supporting Jordan in this challenging transition process.

Overall, the Commission considers that the existence of an external financing gap in Jordan, combined with the country’s cooperation with the IMF under a disbursing programme, warrants an MFA operation from an economic point of view, and that the political pre-conditions for the proposed MFA operation are satisfied.