



**COUNCIL OF
THE EUROPEAN UNION**



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**Third meeting of the
EU-Jordan Association Council
(Luxembourg, 11 October 2004)**

Statement by the European Union

- (1) The European Union looks forward to this third meeting of the Association Council. The state of our bilateral relations is excellent. Throughout last year high-level contacts between both sides have been numerous, testifying to the importance the European Union is attaching to the relationship.
- (2) The meeting will come at a very important moment for the development of the bilateral relations. The European Union on 1 May this year has grown to 25 Member States. The Protocol by which the 10 new Member States will accede to the EU-Jordan Association Agreement will be ready for signature soon, pending finalisation of EU internal procedures which are in their final stage. The Union welcomes Jordan's readiness to sign the new Protocol.

P R E S S

- (3) The enlarged Union is willing to play an increasingly important role in the world. Special attention will be given to fostering relations with the neighbours in the East and in the South. It is in this perspective that the **European Neighbourhood Policy** (ENP) has been launched last year. Building on the achievements of the Barcelona Process, relations with the Mediterranean partners will be deepened through an improved political dialogue, further economic integration and better access to Community policies and programmes. This will also be an important part of the implementation of the EU Strategic Partnership with the Mediterranean and the Middle East.
- (4) In the **European Neighbourhood action plan** Jordan and the EU will jointly agree on ambitious objectives and actions and hereby define the work programme for the coming years. The action plan will be tailor-made, adapted to Jordanian needs and specificity. The EU welcomes the successful outcome of the consultations on the draft action plan and notes the recommendation made by the Association Committee to the Association Council on 24 June 2004 to endorse the Action Plan after completion of the internal procedure by both sides. The implementation should start soon thereafter. The Association Agreement will remain the basis of the relations. Monitoring of the implementation of the action plan will take place in the bodies established by the Association Agreement and subsequently. The sub-committees established since 2003 should play an important part in this process, and should be activated at an early stage.
- (5) The respect for **democratic principles, human rights and fundamental freedoms** is at the basis of the relationship between the EU and Jordan and an essential element of the Association Agreement. Commitment to common values, including democracy, the rule of law, good governance and respect for human rights will also guide relations in the framework of the European Neighbourhood Policy. The degree of commitment to these values will determine the level of ambition and the pace of progress of the relationship.
- (6) The Association Council will remain the central body of the bilateral relationship, including as regards the holding of a regular **political dialogue** on subjects of common interest. While maintaining the central focus of the political dialogue in the Association Council, the European Union is pleased that this meeting will establish a **sub-committee on human rights, democracy and governance**. It shows the willingness on both sides to address in a spirit of partnership all topics of mutual interest. The sub-committee on human rights, democracy and governance will be dealing with matters related to the strengthening of democracy and the rule of law, good governance, the judiciary as well as the ratification and implementation of the principal international conventions in the field of human rights and fundamental freedoms and their protocols. The useful discussions which have already started with a view to exchanging information and explaining each other's positions on the issue of the use of the capital punishment and the International Criminal Court could also be continued in this forum.

- (7) Jordan has embarked on an important national **reform process**. The ENP action plan will give support to this nationally defined political and economic reform agenda. The EU encourages the Government of Jordan to vigorously pursue notably the implementation of the objectives laid down in the Government's "National Plan for Political Development" and the National Social and Economic Action Plan for the years 2004-2006. The social and economic reform is already moving ahead; progress has also been made in the media sector as well as in legislation regarding women's rights. The European Union welcomes these steps and is prepared to lend any possible support to the carrying forward of the reform process which Jordan has so courageously decided to adopt.
- (8) The ENP action plan will include a substantive political chapter with actions aiming at the stability and effectiveness of institutions strengthening democracy and the rule of law, good governance and transparency, judicial reform, independence of the media, promotion of the freedom of association, development of civil society and respect for human rights and fundamental freedoms in particular regarding promotion of equal treatment of women. The European Union is very encouraged by the priority areas that have been defined and is willing to assist Jordan in following up on these issues.
- (9) In the framework of the ENP action plan, the EU and Jordan will pay particular attention to strengthening dialogue and co-operation on **regional and international issues**, including in the context of the Middle East Peace Process and Iraq, conflict prevention and crisis management and address common security threats, including combating terrorism and co-operating on non-proliferation of weapons of mass destruction.
- (10) Concerning the **fight against terrorism**, the EU and Jordan agreed on detailed action within the ENP action plan. The European Union on its side is determined to confront the terrorist threat relentlessly and comprehensively. In the aftermath of the Madrid bombings in March 2004, the EU and its Member States pledged to do everything within their power to combat terrorism and approved a wide-ranging Declaration on Combating Terrorism, which sets out the strategic objectives of the EU in the fight against terrorism.
- (11) The European Union is keen to strengthen international efforts to combat terrorism and to support the key role of the United Nations in sustaining the international consensus and mobilising the international community in the fight against terrorism. The EU attaches the utmost importance to universal adherence to, and full compliance with all international obligations and standards, including commitments under the relevant UN Conventions and UN Security Council Resolutions as well as the standards set out in the special recommendations by the Financial Action Task Force. In that light, the EU welcomes Jordan's declared willingness to address the EU concerns about Jordan's declaration to the UN Convention for the Suppression of the Financing of Terrorism.

- (12) The fight against terrorism is being incorporated into all aspects of EU external action. Counter-terrorism concerns are a key element for the course of EU relations with third countries. In its relations with partners, the European Union stresses the commitment to combating terrorism as well as the obligation to ensure respect for human rights in the fight against terrorism. At a practical level, the EU is keen to conduct dialogue and cooperation aimed at promoting full compliance with international obligations, to exchange information on terrorist groups and their support networks and to share best practices in respect of law enforcement and terrorism prevention. The EU and its Member States are prepared to extend cooperation and assistance with a view to strengthening counter-terrorism capabilities in key countries and regions and to assisting in the implementation of commitments under international law. Work is being carried out with a view to ensuring that external assistance can be an effective tool in helping strengthen the counter-terrorism capacity of partners and in addressing factors that contribute to recruitment into terrorism. We look forward to exchanging views with Jordan on how best to conduct operational and effective cooperation with you.
- (13) It is of the utmost importance to rely on a comprehensive approach, both short- and long-term, in the fight against terrorism. Hence, the European Union has undertaken to develop a long-term strategy to address the underlying factors of recruitment into terrorism. Work is being conducted with a view to identifying and addressing the factors which foster recruitment for terrorism, including the role of educational systems and the activities of radical non-profit organisations. We look forward to engaging a discussion on these factors and on means and methods to counter them in our dialogue with Jordan and in the framework of the implementation of the ENP action plan.
- (14) The European Union attaches the greatest importance to curbing terrorist access to financial and other economic resources. The EU is studying ways to improve the effectiveness of asset freezing procedures. Furthermore, the EU strongly supports measures to identify the holders and true beneficiaries of bank accounts, irrespective of their place of residence, and regulation of the non-profit sector and of alternative remittance systems as a way to curb terrorist financing, in keeping with FATF special recommendations. A coherent overall approach for further strengthening the fight against Terrorist Financing is to be drawn up on the basis of proposals to be presented at EU level by December 2004. We look forward to dialogue and to the exchange of experience with Jordan in this critical area.

- (15) The EU is deeply concerned about the ongoing **proliferation of weapons of mass destruction** and their means of delivery, considering it to be one of the most serious threats to international peace and security. In this regard, the EU welcomes the adoption of the UN Security Council resolution 1540. The EU is working on its report to the Special Committee under UNSC Resolution 1540 and calls on all States to report well in time before 28 October 2004.
- (16) The European Council last December adopted a strategy against the proliferation of weapons of mass destruction. Under this strategy, the EU will use all political and diplomatic instruments at its disposal and undertake a wide range of actions to stem the proliferation of WMD and their means of delivery by both State and non-State actors. In this context, the EU underlines the importance of full compliance with and national implementation of existing disarmament and non-proliferation treaties and agreements and other relevant international obligations.
- (17) The EU attaches great importance to the universalisation of international instruments against the proliferation of WMD and their means of delivery through signature, accession or ratification, as appropriate, of all relevant instruments. The EU calls on all countries to establish effective systems of national export controls, controlling the export as well as transit of WMD-related goods, including a WMD end-use control on dual use technologies and containing effective sanctions for breaches of these controls. The EU has also decided to mainstream co-operation on non-proliferation into its wider relations with third countries, including *inter alia* a non-proliferation clause in future and existing agreements. The EU is ready to identify together with Jordan the areas in which concrete co-operation could be envisaged.
- (18) The EU continues to regard the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) as the cornerstone of the global non-proliferation regime and the essential foundation for the pursuit of nuclear disarmament under article VI. In order to preserve the integrity of the NPT, the EU considers a positive outcome of the upcoming 2005 Review Conference of crucial importance.
- (19) The EU welcomes the decision of Foreign Ministers, at the Euro-Mediterranean Ministerial Meeting in Dublin on 5-6 May 2004, to instruct Senior Officials to explore possibilities for enhancing dialogue and co-operation on non-proliferation issues. It welcomes the fact that Euromed Senior Officials have started to examine constructively a proposal by HR Solana's Personal Representative for non-proliferation for a workshop on non-proliferation and disarmament issues.

- (20) The EU also reiterates its commitment to the shared objective of pursuing a mutually and effectively verifiable Middle East zone free of weapons of mass destruction, nuclear, biological and chemical, and their delivery systems, as set out in the Barcelona Declaration of 1995.
- (21) As regards **the Middle East Peace Process**, the European Union recalls the public statement by the Quartet Principals after their meeting held on 22 September 2004 in New York. The EU stresses the joint reaffirmation of the Quartet statement of 4 May 2004. It had to be noted, however, that the situation for both Palestinians and Israelis remains extremely difficult and no significant progress has been achieved on the Roadmap.
- (22) The European Union confirms its deep conviction that the Quartet Roadmap, endorsed by UNSCR 1515, remains the basis for reaching a peaceful settlement. It calls on all sides to refrain from further escalation and to take the steps required to begin the implementation of the Roadmap. The most important step is for all sides to desist from all further acts of violence.
- (23) The EU reaffirmed with its Quartet partners encouragement for Prime Minister Sharon's intention to withdraw from all Gaza settlements and parts of the West Bank and reiterates that a withdrawal from Gaza should be full and complete and be undertaken in a manner consistent with the Roadmap, as a step towards an end to the Israeli occupation that began in 1967 through direct negotiations between the sides, leading to the goal of two states, Israel and a sovereign, independent, viable, democratic and territorially contiguous Palestine, living side by side in security. The EU urges both Israel and the Palestinian Authority to coordinate closely, to prepare and implement the withdrawal initiative.
- (24) The Palestinian Authority needs to prepare for assumption of control over Gaza, in particular by reforming its security forces and re-establishing the rule of law. The EU expresses its appreciation and support for Egypt's efforts to help reform and rebuild Palestinian security services, to reach a comprehensive and lasting end to all violence and to advance the goal of security, stability and prosperity in Gaza as withdrawal is implemented.
- (25) The EU calls upon all concerned parties, including Israel, the Palestinian Authority, the donor community and the World Bank, to engage constructively on economic aspects of Gaza and West Bank withdrawal. In this respect, the Quartet members reiterate their support for the World Bank Trust Fund and call on all donors to contribute to it.

- (26) The EU together with its Quartet Partners underscores its continued readiness to engage with an accountable and reformed Palestinian leadership. In this context, the EU recognizes the statement by the Jordanian Foreign Minister before the 59th UNGA, confirming Jordan's readiness to provide any assistance the Palestinian side might seek within the framework of its efforts to reform its administrative and security structures in order to help it enhance its abilities to fulfil its obligations under the Roadmap. The EU strongly urges the Palestinian Authority to take steps now that contribute to constructive meetings to be held this fall of the Ad Hoc Liaison Committee and Task Force on Palestinian Reform. The EU welcomes steps toward well-prepared, free and fair Palestinian municipal elections, and urges Israel and the Palestinian Authority to cooperate toward this goal.
- (27) The EU urges the Government of Israel to implement its obligations under the Roadmap, including dismantling of settlement outposts erected since March 2001, and to end all settlement activity, including natural growth, as called for in the Roadmap. The lack of action in this regard is a cause for concern. The EU also calls on the Government of Israel to take all possible steps now, consistent with Israel's legitimate security needs, to ease the humanitarian and economic plight of the Palestinian people.
- (28) The EU reaffirms the concerns expressed at earlier occasions with respect to the actual routing of the Israeli separation barrier and takes note of the ICJ advisory opinion on this subject. While recognising Israel's right to protect its citizens from terrorist attacks, the EU recalls that it had demanded that Israel stops and reverses the construction of the barrier inside the Palestinian Territory, including in and around East Jerusalem, which is in contradiction to the relevant provisions of international law. The EU therefore calls upon the Government of Israel to comply with its legal obligations with respect to the route of the barrier and reiterates its view that no party should undertake unilateral actions that could prejudge issues that can only be resolved through negotiations and agreement between the parties. The EU acknowledges Jordan's position on that matter which was most recently expressed at the 59th UNGA.
- (29) The EU recalls that a comprehensive peace in the Middle East will also have to include Syria and Lebanon.
- (30) The EU welcomed the declaration of the Arab League summit held in Tunis on 22/23 May to the Arab Peace Initiative. The EU welcomes the renewal of the Beirut Peace Initiative of the League of Arab States and continued support for the Roadmap at this Summit meeting as well as the League's rejection of acts of violence against civilians without discrimination. The EU highly esteems Jordan's constructive role in the preparation and its commitment to this initiative.

- (31) As a neighbouring country, Jordan is particularly affected by the situation in **Iraq**. The European Union strongly condemns the continued kidnappings in Iraq and underlines that all hostages must be released unharmed immediately. The European Union strongly condemns all acts of terrorism in Iraq, which have caused the death of so many innocent victims.
- (32) The objective of the European Union is a secure, stable, unified, prosperous and democratic Iraq that will make a positive contribution to the stability of the region. We are working in partnership with the Iraqi Interim Government and the Iraqi people with the aim of reaching that goal.
- (33) The European Union wishes to underline its support for the people of Iraq and the Iraqi Interim Government as well as its commitment to support the economic, social and political reconstruction of Iraq. We welcomed the unanimous adoption of the UN Security Council Resolution 1546, which provides the Iraqis with international support so that they can freely determine their political future and rebuild their country. We reconfirm our commitment to support the implementation of this resolution.
- (34) The presence and role of the UN in Iraq is of crucial importance to the social, economic and political reconstruction process. The European Union has noted the request by the UN Secretary-General to support the UN protection force in Iraq and is making a substantial contribution to this force.
- (35) The immediate, most important challenge is the holding of elections in Iraq in January 2005 in accordance with the timetable laid down in UNSCR 1546. The European Union is supporting the preparations of the elections in co-operation with the Independent Election Commission for Iraq and in close coordination with the UN.
- (36) The European Union welcomes the key role played by Jordan in supporting the organisation of a follow up to the Meeting of Neighbouring Countries held in Cairo in July 2004. It is important that Iraq's neighbours show positive engagement and provide regional support for improved security and for the political and reconstruction process in Iraq. The European Union appreciates the constructive contributions by Jordan, notably the training of Iraqi police and army.

- (37) The primary objective of the European Union is to promote the development, through partnership, of a common zone of peace, prosperity and progress in the Mediterranean and the Middle East. The primary political concerns for the European Union involve good governance, democracy, the rule of law, human rights, gender, respect for minorities, co-operation on non-proliferation, counter-terrorism, conflict prevention and economic development as recognised by the Arab League Summit on 23 May 2004 in its declaration to which Jordan has actively contributed.
- (38) Regarding the **Barcelona Process** which is a priority for this Presidency, efforts are concentrating on preparing a successful Euromed Mid-term meeting of Ministers of Foreign Affairs to take place in The Hague on 29-30 November. This meeting will provide an opportunity to take stock and prepare for the regular Ministerial Conference to be held in 2005. Special attention will also be paid to the 10th anniversary of the Euro-Mediterranean Partnership. Shared ownership of the process, improvement of its effectiveness and visibility are all central objectives. Progress in all three chapters, a successful evaluation of the process as well as ensuring that the Euromed Foundation becomes operational, are important means to achieving these objectives.
- (39) With regard to the **Association Agreements**, good progress has been made within the association process which lies at the core of the Euro-Mediterranean Partnership. Association Agreements are now in force with Egypt, Israel, Jordan, Morocco and Tunisia and on an interim basis with the Palestinian Authority. An interim agreement is in place with Lebanon, pending the full ratification of the Association Agreement. The ratification processes with Lebanon as well as Algeria have almost been completed. The negotiation of an agreement with Syria is in the process of finalisation with the aim to complete the grid of Association Agreements with the Mediterranean countries.
- (40) The conclusion in March 2004 of the **Agadir Agreement** on the Creation of a Free Trade Zone between Jordan, Egypt, Morocco and Tunisia was a major step towards sub-regional trade and economic integration - which the European Union has for long encouraged and of which Jordan has always been a particular advocate - in view of the eventual creation of the Euro-Mediterranean Free Trade Area. The EU hopes that other partners which have signed an association agreement will be able to join the Agadir process.

- (41) At its meeting in June this year the European Council endorsed the **EU Strategic Partnership with the Mediterranean and the Middle East**. This Partnership sets out a policy agenda for our relationship with the countries of the Mediterranean and the Middle East building on our long-standing engagement with the challenges confronting them. Such engagement has been spearheaded by frameworks such as the Euro-Mediterranean Partnership, the European Neighbourhood Policy and the co-operation through agreements with several countries or groups of countries concerned. The Strategic Partnership focuses on supporting political, economic and social reforms. It was developed through consultation with the countries concerned; partnership and dialogue are the cornerstones of the Strategy. Implementation is under way and a first review will take place in the middle of next year.
- (42) The draft action plan in the framework of the European Neighbourhood Policy covers key areas for specific action to strengthen the EU-Jordan partnership on the basis of the Association Agreement. These areas include, in addition to political dialogue and reform: trade and measures to prepare Jordan for gradually obtaining a stake in the EU's internal market; justice and home affairs; energy, transport and information society; research and innovation; environment; social policy, health, culture, audiovisual policies and education.
- (43) **On the economic front**, the draft action plan of the European Neighbourhood Policy includes a range of economic provisions, strengthening and complementing those of the Association Agreement with the objective of facilitating Jordan's sustainable economic development and social cohesion, as well as progressively increasing its economic integration with the EU.
- (44) The EU welcomes Jordan's continuous progress in consolidating the macro-economic framework and carrying out **structural reforms**. Together with large foreign grants, these reforms have contributed to increasing the resilience of the Jordanian economy and have supported a relatively strong economic performance in recent years. The reform momentum needs to be further sustained, with the view to putting the Jordanian economy on a sustainable footing in the medium term and to reducing its dependency on foreign assistance. The 2nd EU-Jordan Economic Dialogue will discuss in December 2004 the implementation of the ENP draft action plan in the areas of macroeconomic and structural reforms, which are needed to speed up economic development.

- (45) **On the macroeconomic front**, real GDP was about 3% in 2003, mitigated by the impact of the war in Iraq in the first half of the year, and is expected to increase to about 5.5% in 2004, supported by strong export performance and domestic demand. Inflation was moderate, at 2.3% in 2003, thanks to a prudent monetary policy and the external position was strong due to the record influx of foreign grants. Foreign grants also allowed to contain the fiscal deficit (-1.1% of GDP). Nevertheless, net of grants fiscal deficits remain very high, which together with Jordan's high stock of public debt, call for sustaining the fiscal adjustment efforts, in particular through reforms on the revenue side. The EU welcomes progress made in carrying out structural reforms, notably the improvement of the regulatory environment, trade liberalisation, privatisation and the reforms introduced in the financial sector. The EU calls for sustained action in the areas identified in the action plan.
- (46) Social conditions have improved, but problems of poverty and unemployment remain significant. The **social development** objectives of the European Neighbourhood Policy action plan are fully consistent and supportive of Jordan's own development policies pursued under the National and Social Economic Plan (NSEP). Jordanian policy for social development is an important area of priority as it includes measures to promote private investment, economic growth, employment and poverty alleviation. The EU has provided specific financial support for these measures and looks forward to further action by the Jordanian Government to address poverty especially in the most disadvantaged areas.
- (47) The EU welcomes Jordanian progress in improving conditions for doing business as well as initiatives to further stimulate **private sector development**, in particular through implementing the strategy for modernising the industrial sector and the Jordanian Upgrading and Modernisation Programme (JUMP). The action plan of the European Neighbourhood Policy stresses the importance of continuing co-operation initiated under EJADA, the EU-Jordan Action for the development of enterprise programme, as well as under MED BEST, the preparatory work leading to the implementation of the Euro-Mediterranean Charter for Enterprise in Jordan. In identifying good practices to promote entrepreneurship, the MED BEST programme pointed to priority areas for improvement such as access to finance, education and innovation, where exchanges of experience could be fruitful. The EU encourages Jordan to enhance the dialogue between business, administrations and academic institutions for the identification of priority actions to improve the business environment. This active EU-Jordan co-operation aims at stimulating competitiveness and making Jordan an attractive place for EU investments. These issues will be further pursued in the sub-committee for Trade, Industry, Services and Investment Promotion.

- (48) The EU welcomes Jordan's commitment to implementing the action plan for the **free movement of industrial products** approved by the Euro-Mediterranean Trade Ministers in Palermo in July 2003. The ENP action plan outlines the steps to implement the Palermo action plan and to harmonise procedures in the field of technical regulations, standardisation and conformity assessment. Within the action plan, Jordan and the EU have already identified the sectors, where legal harmonisation could lead to the conclusion of an Agreement on Conformity Assessment and acceptance of industrial products (ACAA). The EU looks forward to further progress in this area.
- (49) On **trade relations**, imports from the EU amount to around a third of total Jordanian imports and consist mainly of machinery, instruments, chemical products and prepared foodstuff. Until now, the EU has not been a prominent export destination for Jordanian products, something that reforms to be pursued under the Association Agreement should help to change. Jordan's overall trade balance with the world shows a structural deficit with imports almost twice as high as exports. This trade deficit has improved in recent years. The trade deficit is partially covered by a surplus in services, mainly remittances and tourism receipts.
- (50) During the past several years, Jordan has profoundly modernised its legislative and regulatory framework with a view to realising impressive trade liberalisation measures, which led to its accession to WTO in 2000. Further multilateral trade liberalisation should actively be pursued within the framework of the Doha Round. This consistent policy has been further articulated through the conclusion of trade agreements with its most important partners, including in 2004 with Singapore. In this respect the EU welcomes steps taken by Jordan and Israel to upgrade their Trade and Co-operation Agreement. Jordan will, by means of the network of free trade agreements that it has concluded and will conclude in the future with Mediterranean or other partners, substantially benefit from the extension of the Pan-European cumulation system. The EU would welcome the inclusion of the pan-euro-med rules of origin into the Protocol of the Trade and Co-operation Agreement between Jordan and Israel in order to facilitate growth in industrial trade between Jordan and the EU. Moreover, the EU will soon put forward proposals to include the new pan-euro-med protocol in the current EU-Jordan Agreement.
- (51) To accompany trade commitments, the Association Agreement necessitates a comprehensive upgrading of the legislative and regulatory framework as well as the creation and strengthening of institutions involved in the implementation of the Agreement. The EU acknowledges the progress that Jordan has already undertaken in this respect and wishes to develop this jointly with Jordan. Within the framework of the action plan of the ENP the EU and Jordan have agreed on measures to improving Jordanian competitiveness, to creating an enabling regulatory framework and to increasing regulatory convergence with the EU in order to facilitate export performance.

- (52) The EU attaches great importance to implementing the action plan on trade and investment that was agreed by the Euromed Trade ministers in Toledo in March 2002 and further endorsed at the Palermo summit in July, 2003. The ENP Action Plan outlines the steps to implement the recommendation agreed by Trade Ministers in Palermo in July 2003, as well as other measures including the need to strengthen cooperation with other agencies at borders, the provision of assistance on implementation of cumulation of origin, the need to strengthen administrative cooperation to combat fraud and the development of risk analysis. The EU is convinced that simplification of trade procedures, cutting out unnecessary bureaucracy via modern methods, is a fundamental step for further developing trade between the EU and Jordan.
- (53) Effective **customs co-operation** is fundamental for facilitating trade. Article 76 of the Agreement, provides for customs cooperation between the two parties. With the decision of the Association Council in 2003 to create the customs co-operation sub-committee to assist the work of the Association Committee, cooperation in the field of customs will be further strengthened.
- (54) The creation of a **free trade area** is a key objective of the Association Agreement and shall not be limited to the free trade of goods. The EU encourages Jordan to progressively open its services markets. The EU appreciates that Jordan has taken substantial commitments during the process of accession to GATS and welcomes Jordan's current involvement in the GATS negotiations.
- (55) As far as **agriculture** is concerned, the EU welcomes the on-going consultations to progressively establish a greater liberalisation of reciprocal trade in agricultural products, as foreseen in the Association Agreement and the ENP action plan. The EU believes that, given the importance of our bilateral trade in agriculture, which accounts for almost 9% of total bilateral trade, greater liberalisation in agricultural goods will contribute to economic growth and the modernisation of the agricultural sector. The EU looks forward to continuing co-operation with regard to improving quality of agricultural products and protection of geographical indications and invites Jordan to start co-operation on development of rural areas including environmental protection of such areas.
- (56) Concerning **competition**, the Commission welcomes the ratification of the temporary Competition Law and the setting up of the necessary instances to enforce the legislation and review competition cases. Those are all positive steps in the implementation guidelines of co-operation between the Parties included in article 53 of the Agreement. The objective of such a dialogue is to avoid that competition restrictions impede or eliminate the beneficial effects that should result from the progressive liberalisation of trade.

- (57) The EU encourages Jordan to continue work to develop the **transport, energy and information society** sectors and networks through sector liberalisation, investment in infrastructures and interconnection with EU networks as agreed in the action plan of the ENP. The EU calls for the development of a regional Mashrek gas and electricity market and appreciates Jordan's agreement to participate in the Mashrek gas master plan, as well as in the EU-Mashrek gas platform which will be hosted in Damascus. The financial support provided by the European Investment Bank for the development of a regional gas network through part financing of the Arab gas pipeline underpins EU commitments for these priorities. The EU welcomes the on-going transport sector reform process and the key role of Jordan in promoting sub-regional co-operation on transport issues with its neighbours. Reforms undertaken by Jordan in these areas will help enhance the competitiveness of domestic industries and facilitate trade. The EU also encourages Jordan to intensify co-operation to improve safety and security in the road, maritime and aviation sectors.
- (58) On the **research and scientific development** fields the EU looks forward to the establishment of the Science and Technology Co-operation Agreement that will facilitate the development of Jordan's scientific and technological capacity with a focus on the use of research and technological development results by the industrial and SME sector, and the integration of Jordan research and technology sectors into the European Research Area and Community Framework Programme. The action plan of the ENP includes measures to further develop co-operation in this field on the basis that will be set up by the Science and Technology Co-operation Agreement.
- (59) The EU attaches great importance to intensifying co-operation in the **environmental** field along the priorities set out in the ENP action plan that includes: taking steps to ensure that conditions for good environmental governance are set; the prevention of deterioration of the environment, protection of human health, and achievement of rational use of natural resources, in line with the commitments of the Johannesburg summit; and enhancing regional and international co-operation on environment issues.
- (60) With regard to co-operation on **statistics**, the EU encourages Jordan to reinforce co-operation and undertake the necessary action to strengthen its institutional capacity in this regard within the framework of the action plan of the ENP.
- (61) The EU encourages the implementation of the national programme for **education reform** and work leading to enhancing the quality and the capacity of institutions and organisations involved in the quality assurance of education and training programmes. Participation of civil society and social partners in the design and conception of education and training policies and programmes will contribute to adjust the political priorities to the real needs.

- (62) A primary objective of the European Neighbourhood Policy is to enhance understanding of each other's cultures, history, attitudes and values. Thus, the EU looks forward to strengthening co-operation with Jordan in the fields of education, training and youth, audiovisual and cultural policies within the framework of the action plan.
- (63) Human resource development including the development of education, training and health areas is an essential factor for economic and social development. The EU will invite Jordan to develop a stronger co-operation within a range of EU programmes in these fields as part of the new perspective provided by the ENP.
- (64) The EU appreciates progress made in the **Justice and Home Affairs** (JHA) area, both at regional and bilateral level. The EU welcomes the decision by the Association Committee to strengthen co-operation in this field along the lines of the action plan of the ENP. We look forward to its implementation, notably through the sub-committee "justice and security" and the working party on migration and social affairs.
- (65) The EU attaches great importance to international efforts aiming to eliminate financial system abuses in the area of **money laundering and fight against financing of terrorism**. The action plan of the ENP highlights the need to strengthen co-operation and exchange of information and dialogue concerning the adaptation of the legal and the institutional framework to support the efficient fight against money laundering, financial and economic crime. Police and judicial co-operation discussions should focus on ensuring adequate safeguards to prevent abuse of the financial system and on the development of suitable standards, dealing with key issues such as the role of the relevant professions and the private sector in combating abuses. In the area of tax fraud, the EU invites Jordan to subscribe to and encourage the development of international standards aimed at eliminating harmful tax practices and to recognise the importance of effective exchange of information and transparency in the tax area.
- (66) On the **fight against drugs**, the Association Agreement states the importance of the development of a balanced and integrated approach in drug policies. It also highlights the importance of the sharing of experience in reinforcing co-operation and the exchange of information in setting up strategies and methods, in line with the relevant UN conventions, to reduce both demand for and supply of drugs, as well as trafficking in drugs and diversion of precursors including the implementation of the 1988 UN Convention on Illicit Traffic of Narcotic and Psychotropic Substances.

- (67) The EU attaches great importance to **migration** and related issues getting specific attention. Given the complexity of the migratory phenomenon the approach needs to be a comprehensive one in which development policy, human rights, social policy, economic and financial co-operation be incorporated. The EU encourages Jordan to explore in a spirit of partnership ways to reduce migratory pressures, promoting management of migratory flows, providing international protection, facilitating the movement of persons in conformity with the *acquis* and in particular to examine the scope for visa facilitation for short stay for some categories of persons, fighting illegal immigration and exploring the possibilities of concluding a readmission agreement between Jordan and the EC.
- (68) The EU looks forward to the establishment of a regular dialogue on migration and social issues, as agreed in the action plan of the ENP and decided by the Association Committee by creating the working group on social affairs.
- (69) The successful implementation of our partnership entails intense institutional co-operation between Jordan and the EU to take the **Association process** forward. In that regard the European Commission will ensure a more detailed follow-up of this Association Council meeting through an Association Committee meeting and through the activation of the sub-committees before the end of 2004 and during the first half of 2005.
- (70) In the framework of **financial co-operation** the European Commission will continue to support Jordan's reform agenda, on the basis of the priorities identified in the Country Strategy Paper 2002 - 2006 and the National Indicative Programme 2005 - 2006 (NIP), elaborated in close consultation with the Government of Jordan. The NIP for 2005-2006 involves total MEDA funding worth € 110 Million, covering the promotion of the Association Agreement in the perspective of the European Neighbourhood Policy; the support of the social sector; the development of a knowledge society; as well as the development of good governance, human rights and democratisation. In addition to the financial assistance provided by the European Commission, the European Investment Bank will also contribute to Jordan's reform agenda by providing financing under its FEMIP facility. This will underpin key economic sectors such as energy, transport, health, education and environment and will also provide support for private sector development.
- (71) The EU welcomes the constructive co-operation from Jordan in the implementation of the MEDA programme with around 70% of €458.4 Million allocated over the last 9 years already disbursed. Between 2000 and 2003 € 204.4 Million of MEDA funds have been allocated to Jordan while € 228.6 Million have been disbursed.

- (72) The National Indicative Programme 2002-2004 for Jordan foresees programmes amounting to €142 Million during this period. In 2004, additional funds for an amount of 30 million have been allocated to Jordan to underpin programmes aiming at reducing poverty and supporting the social development.
- (73) The ENP action plan will also be a point of reference to set up the objectives of EU-Jordan financial co-operation. In implementing the 2005-2006 national indicative programme, the action plan will help ensure that the objectives of the financial co-operation are consistent with the priorities of the European Neighbourhood Policy.
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