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Implementation of the European Neighbourhood Policy in 2008

Progress Report Jordan

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1. BACKGROUND AND OVERALL ASSESSMENT

Jordan and the European Community first established contractual relations in 1977 through a Cooperation agreement. The Euro-Mediterranean Partnership inaugurated at the 1995 Barcelona conference established a policy with ambitious and long-term objectives. This partnership was reinforced in 2008 with the creation of the Union for the Mediterranean. The Association Agreement with Jordan, which entered into force in May 2002, sets out in more detail the specific areas in which the relations can be developed bilaterally. On this basis, the EU-Jordan ENP Action Plan was adopted in January 2005, for a period of three to five years. The ENP Action Plan supports the national reform process, articulated in Jordan's ten-year national agenda and the initiative "*We are all Jordan*" which form the basis for Jordan's National Social and Economic Development Programme for 2009-2011. A first progress report was adopted in December 2006 and a second one in April 2008.

Institutional cooperation through the EU-Jordan Association Council, the EU-Jordan Association Committee and the ten subcommittees, of which nine were activated, enabled both sides to make progress with the implementation of the Association Agreement and the Action Plan. During the reporting period the third round of subcommittee meetings was completed.

This document reports on progress made on the implementation of the EU-Jordan ENP Action Plan between 1 January and 31 December 2008, although developments outside this period are also considered when deemed relevant. It is not a general review of the political and economic situation in Jordan.

In November 2008 Jordan submitted a paper on "Upgrading of Jordan-EU relations" to the EU-Jordan Association Council. In that paper it expressed the desire to come to a qualitative and quantitative intensification of the political exchange with the EU on a wide range of common political and security challenges. It would like to see a higher level of participation in those exchanges, more diversified substance (*e.g.* including also border security; strengthening of parliamentary relations and civil emergency planning) and a higher frequency of these exchanges.

Jordan is an active and constructive partner in the ENP and in the different subcommittee meetings where implementation of Action Plan measures is discussed. Limited progress could be registered as regards democracy and rule of law and social policies, but good steady progress was made in the economic field.

Progress was made in the fight against corruption and domestic violence and on transparency and capacity-building of the judiciary. On the other side, the independence of judiciary and the freedom of expression and association remain to be addressed.

Good progress was made in improving the business environment and in increasing competition in privatized sectors such as telecom and energy, as well as in sectors such as the environment. However, further improvements are needed, such as the adoption of a company law and a competition law and the implementation of social dialogue. The gap between rich and poor has been growing and moreover, an encompassing poverty reduction strategy is still to be implemented.

2. ENHANCED POLITICAL DIALOGUE AND REFORM

Democracy and the rule of law

Objectives in this area include: strengthening democracy, strengthening the rule of law including good governance and transparency, enhancing the independence and impartiality of the judiciary, upgrading its quality and strengthening its administrative capacity.

Though the 2004 National Agenda committee had already recommended a change of the electoral framework, and the National Centre for Human Rights (NCHR) in its annual report reaffirmed its recommendation on the need to expedite the drafting of a modern law for parliamentary **elections**, this remains to be addressed. Specific recommendations of the National Agenda committee, such as the establishment of an independent committee to organise and supervise the elections, were not implemented either.

In 2008, regulations were adopted to implement the provisions of the 2007 Law on Political Parties related to funding but no proper criteria for allocation of funding were defined. Instead it was decided that each of the 14 political parties would receive a lump sum allocation of EUR 50 000 per year.

Progress was also made on transparency and accountability with the adoption of the **Ombudsman** law in April 2008. A first Ombudsman was appointed in June 2008. Citizens can start lodging complaints with the Ombudsman as of February 2009.

The implementation of the JUST Strategy (2007-2009) which aims at enhancing the capacity and efficiency of the **judiciary** progressed steadily, with EC support. The organisational structure of the Ministry of Justice (MoJ), the courts and the Judicial Institute of Jordan was improved, internal standard operational procedures and guidelines were adopted and staff was trained to ensure proper implementation. To improve access to justice and transparency, courts' organisational structures and procedures were published and customer care offices were established in some courts.

No significant progress was made to enhance the independence of the judiciary. Among the most serious obstacles to its independence are the total financial and administrative dependency of the judiciary on the Ministry of Justice, the prominent role of this Ministry in the appointment of judges and the existence of special courts outside the control of the High Council of Justice, such as the State Security Court (military, but with competence over civilians).

Progress was made in the fight against **corruption** with the establishment of the Anti-Corruption Commission (ACC) in January 2008. It progressively became operational, investigating complaints and referring cases to court. An Anti-Corruption Strategy for 2008-2012 and an Action Plan were adopted in September 2008. The EU has provided technical assistance to the ACC that will continue in 2009.

The Jordanian and the European Parliament (EP) continued their dialogue in 2008 with the visit of the EP Mashreq Delegation to Jordan in April-May 2008 and the organisation by the Jordanian Parliament of an extraordinary session of the Euro-Mediterranean Parliamentary Assembly (EMPA) in October 2008 in Jordan.

Human rights and fundamental freedoms

Objectives in this area include: strengthening the freedom of the media and freedom of expression, strengthening freedom of association and the development of Civil Society, ensuring respect of human rights and fundamental freedoms, promoting equal treatment of women, and promoting fundamental social rights and core labour standards.

Jordan ratified the UN Convention on the Rights of Persons with Disabilities in March 2008 and was thus one of the first countries in the world to do so. Most of the major **international human rights instruments** are enforceable in court and supersede national legislation. However, as indicated in last report, in order to increase their application by the courts, international instruments need to be translated into domestic laws, relevant professionals trained and public information campaigns organised. Furthermore, by the end of the reporting period, Jordan had 10 overdue reports under major UN human rights conventions.

In 2008, Jordan continued to observe its *de facto* moratorium on executions (in place since May 2006 and confirmed by a Decree in April 2007), even if Courts are still issuing **death sentences**. In December 2008, Jordan abstained from the vote on the 2008 UNGA resolution 63/168 calling for a worldwide moratorium on the use of the death penalty. This is a step forward from Jordan's vote against UNGA resolution 62/149 of December 2007.

Some progress was made in the fight against **torture and ill-treatment**. In early 2008, the Public Security Directorate assigned prosecutors to investigate abuses at all prisons and allowed the National Centre for Human Rights to set up an office inside Swaqa prison. However, after it released a report on the April riot in Muwaqqar prison that was critical of the government response, authorities closed the NCHR office in Swaqa prison. Though torture is a recognized crime under the Penal Code, the applicability of which was extended to all public officials in October 2007, no prosecutions for the crime of torture under the Penal Code article occurred in 2008. Jordan has not ratified the Optional Protocol to the UN Convention against Torture and the 1996, 2000 and 2004 reports under the Convention are pending. Jordan started its penitentiary reform. EC support for penitentiary reform started in 2008 and will continue.

Under the Press and Publications Law of 2007 it is prohibited to imprison anybody for the **expression** of his opinion in oral, written or any other way. However, imprisonment is still possible under the Penal Code if an opinion is deemed to "fuel national discord and incite sectarianism" or if it is considered "slander". The level of coherence between the Law and the Penal Code has not yet been addressed and this will avoid that the provisions of the Penal Code are unduly used to curtail freedom of speech. Both charges stipulated in the Penal Code have been used against journalists and writers and on a number of occasions, journalists received prison sentences.

In June 2008, the Parliament adopted amendments to the Public Gathering Law. Under the modified law, political parties and charity organisations do not need prior written approval from the governor to hold their routine meetings and activities. In the case of demonstrations, an approval from the governor remains mandatory, but the response period for the Governor is shortened from 72 to 48 hours. The absence of a reaction from the Governor's Office within 2 days is considered as a 'green light'. Those elements constitute a limited progress on the **freedom of assembly** since governors do not need to justify their refusal. Public demonstrations convening contrary to the law are considered illegal and violators face prison terms and/or fines. "Public gathering" is defined vaguely, ranging from public meetings in

open air to meetings/seminars/roundtables among NGOs in hotels, and high penalties are applied for violations. In practice, governors retain the power to deny NGOs permission to hold meetings and workshops if they are deemed to be outside the scope of work of the NGO.

The **freedom of association** remains a considerable challenge. Since 2007, Jordan has embarked on a process to renew the legal framework governing civil society organisations, in order to enhance freedom of association in line with Jordan's political reform programme (National Agenda). However, the law that was adopted in July 2008 and entered into force in December 2008, increases state control over the creation of societies (prior Government approval required), their membership (no foreign membership allowed), their funding (no domestic or foreign funding without prior Government approval) and their functioning in general, without judicial oversight (a civil society organisation can be dissolved by decision of the relevant ministry).

In recent years, the Jordanian authorities took significant measures to protect **women** from violence, such as the opening of the first government-run shelter and the establishment of a family protection department within the Public Security Directorate. In February 2008, the Family Protection Law was adopted. Family members in need of protection can obtain a protection injunction. Breaches of this injunction are punishable with fines or prison sentences of up to six months. The authorities can hold a suspect for 24 hours and hospitals, schools and community centres have an obligation to report possible cases of abuse. However, the law fails to explicitly criminalise domestic violence. So-called honour crimes still occur and perpetrators of these crimes still benefit from lenient sentences.

Jordan maintains several reservations under the UN Convention on Elimination of All Forms of Discrimination against Women (CEDAW). Under the nationality law, a woman is still unable to pass on her nationality to her children. Women are also discriminated against in inheritance matters.

Women migrant domestic workers are particularly at risk of abuse. Amendments to the Labour Law passed in July 2008 aimed at extending social protection to domestic workers. However, declarations by the Ministry of Labour at the end of 2008 seem to indicate that the minimum wage will not be applicable to workers in the Qualified Industrial Zones (QIZ) nor to domestic helpers. In October 2008 the Ministry of Labour announced plans for the creation of a private company to recruit domestic helpers. The company would be owned by the General Federation of Jordanian Trade Unions, with the participation of other stakeholders (including human rights and women's NGOs). The company is expected to start operating from March 2009.

Regarding fundamental **social rights and core labour standards**, the Committee in charge of preparing the legislative amendment that the ratification of the ILO Convention on the freedom of association and protection of the right to organize (n° 87) entails, awaits the Cabinet's approval and parliamentary ratification.

Cooperation on foreign and security policy, regional and international issues, conflict prevention and crisis management

In 2007 Jordan was invited to align itself with EU declarations in the field of Common Foreign and Security Policy (CFSP) on a case-by-case basis but has not yet taken any decision on this.

Throughout 2008, Jordan continued to seek opportunities to facilitate peace in the Middle East. It continued to support the Arab Peace Initiative and Palestinian national reconciliation. Jordan also played a role in the training of Palestinian police. Jordan sent significant amounts of humanitarian aid to Gaza and has been very effective in channelling aid to Gaza.

Jordan continues to host many Iraqi refugees, the exact number of which is disputed.¹ This puts considerable pressure on Jordan's resources and infrastructure. Iraqis receive free treatment in government hospitals and for the second consecutive year the government, with the support of the EC, allowed all Iraqi children to attend government schools, regardless of their residency status. In November 2008, an EU fact-finding mission was carried out to Syria and Jordan with the purpose of examining the resettlement needs of refugees from Iraq who are currently living in these countries.

The Government also announced that Iraqi children will in 2008-2009 be exempted from paying fees and textbooks and will benefit from the school nutrition programme. See, also, section 5.

Cooperation, exchange of information and best practices between Jordan and EU Member States in the area of **counter-terrorism** continued throughout 2008.

An exploratory mission from the European Commission under the Instrument for Stability took place in July 2008, to explore potential cooperation and establishment of a regional centre to provide training and deal with potential threats from chemical, biological, radioactive and nuclear threats.

Jordan has signed and ratified the Rome Statute on the **International Criminal Court**. A draft implementation law is being prepared.

3. ECONOMIC AND SOCIAL REFORM

Macroeconomic framework and functioning of the market economy

During 2008, the Jordanian economy maintained a relatively strong growth performance despite the sharp increase of the food and oil prices and the slowdown of the economy in the second semester. Real GDP growth averaged around 5.5% led by the growth in finance and tourism sectors as well as by gains in productivity.

Inflation rose rapidly the first three quarters of 2008 on the back of the high food and oil prices. The negative effect on the prices was exacerbated by the abolition of energy subsidies and the weakness of the dollar to which the dinar is pegged. To combat inflation and dampen liquidity growth, the Central Bank of Jordan raised the reserve ratio twice, before easing its policy towards the end of 2008 following the sharp fall of the commodity prices and the strengthening of the US dollar. As a result, the average inflation for 2008 reached an estimated 14.9%.

Notable progress was made on the fiscal front. The abolition of the oil subsidies, the improvements in the tax collection and the higher revenues from grants allowed the budget to

¹ The FAFO study concluded that there are around 500 000 Iraqi refugees in Jordan, but this number is disputed. As of 31 December 2008, 52 656 had been registered by UNHCR.

withstand the pressures of the increased cost of food subsidies and fiscal deficit to narrow to 5% of the GDP.

However, the introduction of a link between public wages and past inflation could lead to an increased budget deficit and reduce resources available for public investment in the future. Efforts for structural improvements in the public finance management continued in 2008, including launching the Government Financial Management System, the introduction of a Medium-Term Expenditure Framework and the further strengthening of the framework for the public private partnerships. Furthermore, public debt, which was reduced during the year via a buyback of Paris Club obligations, declined to around 62% of GDP by the end of 2008 compared to 73% at the end of 2007.

The dinar's peg with the US dollar maintained monetary confidence while protecting the competitiveness of the Jordanian exports to the US, the largest single export market. The foreign reserves were maintained at healthy levels and recovered fast after the buyback of the Paris Club debt.

The surge in the oil and food prices in combination with the fall in the price of important export products, such as chemicals, had a strong negative impact on the current account deficit which surged to 24% of GDP in 2008. Tight macroeconomic policies and efforts for export diversification should be continued to consolidate the progress in macro-economic stabilisation and growth policies.

The turbulence in the global financial markets had a minimal impact in Jordan. During 2008 the general weighted index of Amman stock exchange declined by around 19% and in contrast with other equity markets foreign inflows remained positive. Interbank rates increased towards the end of 2008 after the increase of the banking system reserves by the Central Bank of Jordan. The authorities announced a guarantee scheme of bank deposits and strengthened the monitoring of key financial and economic indicators.

The government through its employment policy and the activation of the Development and Employment Fund is trying to boost employment in small firms. At the same time, Jordan continued its consistent efforts to attract knowledge-intensive investments, to expand the industrial - economic zones that require high-skilled labour and to extend the vocational programmes.

Employment and social policy

Poverty remains high in Jordan with more than 14.5% of the population living under the poverty line according to official national data, although unofficial sources give higher figures. In June 2008, Jordan adopted a national social and economic development programme for the years 2009-2011. It aims at improving the productivity of individuals and directing public and private investment into social infrastructure. Under the EU-supported Poverty Alleviation through Local Development programme, a comprehensive Poverty Reduction Strategy was finalised in April 2008 and was endorsed by Cabinet in November 2008. It focuses on economic development, social protection, human capital development and governance. In March 2008 Jordan adopted the Development Areas Law to encourage the growth of targeted development areas in less urbanised regions (e.g. Irbid, Mafraq and Ma'an development areas).

The **employment** market is characterized by emigration of skilled Jordanians especially to the Gulf countries (in 2007, remittances of expatriates amounted to some EUR 2.3 million) and

immigration of low-skilled foreign labour (especially for domestic helpers, agriculture, construction and in the Qualified Industrial Zones). Unemployment is still high (13% according to official sources, the lowest in eight years, although real figures might be much higher) and hits in particular people under the age of 25. In March 2008, Jordan prepared with the help of ILO, the first draft of an employment strategy which was open to consultations until late 2008. It still has to be officially endorsed. In October 2008 the Ministry of Labour approved raising the minimum wage from JOD 110 to JOD 150 per month, benefiting an estimated number of 200,000 workers. However, as mentioned the minimum wage may not be applicable to workers in the Qualified Industrial Zones, nor to domestic helpers. The new minimum wage applies from January 2009.

Some progress was made in the area of **social dialogue and labour rights**. According to the modified Labour Law from July 2008, a legal regime will be defined to protect domestic and agricultural workers. A rising number of reports of abuse, including non-payment of wages and mistreatment by employers, led the government of the Philippines to restrict the number of Filipino domestic workers in Jordan in January 2008.

The modified Labour Law also foresaw the creation of a consultative committee in the Ministry of Labour, regrouping the authorities, employers and workers. By end 2008, this committee had convened once. No progress was made with respect of the freedom to establish labour unions, which can be established only with the approval of the Ministry of Labour. In 2008, this Ministry refused the creation of labour unions for the pharmaceutical and telecommunications industries and local branches of existing sector trade unions were suppressed. The Economic and Social Council, officially established in December 2007, could not start operating in 2008 as its 45 members representing workers, employers, government and civil society, were not appointed.

In the areas of **social inclusion and social protection**, Jordan worked closely with the World Bank to assess the impact of the price shock and the fiscal situation of low income and poor people. Jordan developed a social safety net based on the following components: increase of salaries for public employees; stable prices of bread, water and electricity; expansion of national health insurance programme; better housing for the poor. It provides direct cash subsidies to almost 3.5 million Jordanians with an annual income of less than approximately EUR 1110 (JOD 1000). The social safety net package is estimated at approximately EUR 330 million (JOD 301 million) per year. Jordan also worked on the preparation of the Social Security Law that includes the establishment of the maternity and unemployment funds and the progressive coverage of the social security to all workers until 2011. A pilot project covering all workers in the Aqaba region was prepared in 2008 and it is applied since January 1st 2009. In the rest of the country only workers in companies with more than five employees are covered. Irbid will be the next region to be included in the pilot-law.

Jordan continued to promote **women's participation** in social and economic life through the activities of the Ministry of Labour. It aims at raising women's participation in the labour market by providing work opportunities that match their needs and by ensuring their rights at work. Women's participation in the labour market stands at 14.6%, one of the lowest levels in the world. Jobs created during the first half of 2008 stood at 38,000 compared to 36,000 in the same period in 2007 according to surveys. The Ministry of Labour also established a gender unit within its structure to address gender issues at Ministry level and to influence the inclusion of gender mainstreaming in its policies.

Jordan is pursuing **sustainable development** through its National Agenda and Kulluna al Urdun, which link environmental sustainability and reforms in sectors such as water,

agriculture, tourism, health, energy, industry and transport. These reform agendas also link the theme of sustainable development with the challenge of fighting poverty and unemployment. In general, the new development plans enabled better implementation of sustainable development by the Jordanian authorities.

4. TRADE-RELATED ISSUES, MARKET AND REGULATORY REFORM

Jordan's bilateral **trade** in goods with the EU increased during 2008 amounting to more than EUR 3.2 billion. Exports to the EU increased considerably with 35.8% while imports from the EU increased 10.3% compared with 2007. However a significant trade deficit still exists. Tariff dismantling continued smoothly in accordance with the EU-Jordan Association Agreement. Tariff dismantling for products listed in Annex IV started in May 2008 based on two lists of products for which tariffs will be dismantled respectively over two years (all tariff lines falling under "ex 8703" - used vehicles) and seven years (mostly textiles and furniture). Considerable progress was made in the negotiations for the setting up of a dispute settlement mechanism, which could be concluded soon. Jordan actively participated in the Trade Senior Official's Working Group set up to draw a Euromed Roadmap of next steps in the field of trade till 2010 and beyond. This road map is due to be adopted at the Trade Ministerial in autumn 2009.

Negotiations on the liberalisation of trade in services and right of establishment with the EU have not yet started.

Concerning regional integration Jordan has not yet concluded its negotiations for a **free trade agreement** with Turkey. Despite some small progress, the results of the implementation of the Agadir Agreement appear to be modest and trade between the four countries (Jordan, Egypt, Morocco and Tunisia) remains limited also due to the presence non tariff barriers. Jordan, along with the other three partners, implements the pan-euro-med system of cumulation of origin in the framework of the Agadir Agreement. However, practices such as the *ad hoc* arrangement for the importation of specific products manufactured in the context of the Agadir Agreement should not be encouraged as they derogate from the pan-euro-med rules of origin. The same goes for the agricultural and processed agricultural products, covered by the Agadir Agreement, to which pan-euro-med cumulation of origin in practice is not applied.

A **Customs Administration Modernization Programme** is on-going. The Strategic Plan for 2008-2010 aims at facilitating the movement of passengers and cargo, combating illegal trade activities and development of infrastructure, organization and overall performance of Jordan's Customs. It furthermore takes into consideration Jordan's commitments to the WTO, partnership with the private sector and good governance guidelines to apply electronic government. Jordan continued developing the 'The Golden List', programme which aims at facilitating and securing supply chains for reliable traders. The rolling out of the ASYCUDA World System for customs declarations processing to several customs centres took place in the reporting period. The single window concept is operating manually in the customs centre and work is on-going to move to an electronic system. The adoption of the draft proposal to revise the customs law which was expected in 2008 has been delayed until 2009. Jordan decided not to apply the Combined Nomenclature contrary to what is foreseen by Article 29 of the Association Agreement.

Concerning **free movement of goods and technical regulations**, Jordan continued preparations to negotiate an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA). A draft law on standards, metrology and Product Safety and a draft Accreditation law have been prepared but not yet been adopted by the Parliament. The adoption of these two drafts is a prerequisite for the creation of the horizontal quality infrastructure which is the basis for progress in the preparation of the ACAA. The adoption of harmonised standards and approximation to relevant EU directives for the priority sectors progressed (construction products, electrical appliances, pressure equipment, toys, measuring instruments and gas appliances). As reported last year, Jordan is an affiliate member of the European standards body CEN since January 2008. Despite awareness-raising efforts, private sector understanding about the importance of technical standards and development of quality infrastructure in access to export markets remains very limited.

Jordan and the EU continued cooperation on the harmonisation of **sanitary and phytosanitary** rules with EU standards, particularly through two twinning projects. Jordan prepared a new food law, which aims at harmonisation with EU rules. It issued legislation regarding a national identification and farm registration system. Jordan continued to participate in workshops under the European Commission's "Better training for safer food" programme.

As regards the **business climate**, Jordan remains one of the better-performing Middle East and North Africa (MENA) countries in the international surveys on the ease of doing business. A recent investment climate survey, sponsored by the World Bank, reveals good scores on perceptions of corruption, security and property rights. The survey also points to strong performance of Jordanian enterprises (average capacity utilization rate of 85 percent for manufacturing firms) and high total factor productivity.

As regards the **right of establishment**, the required capital for establishing a company was reduced during the reporting period. Jordan is working on a draft regulation enabling 100% foreign ownership in transport services, insurance agent services, travel agencies and tour operator services.

Amendments to the 1997 **company law** are being reviewed by the Parliament. They aim at facilitating the establishment of companies and at attracting investments in a more flexible environment. Furthermore, Jordan is working on a corporate governance manual for companies.

Jordan made progress in **financial sector** reforms. The Basel II principles for effective banking supervision are applied from January 2008.

Other key areas

Offices for large, medium and small taxpayers were set up in 2008 by merging the sales **tax** and income tax departments. The computerisation of both tax procedures and systems continued in the reporting period. Following rejection by the parliament of the draft law to modernise the tax legislation, a new draft aiming amongst others at merging all tax-related legislation in one single law, broadening the tax base, enhancing efficiency and self compliance, limiting tax evasion and more generally improving the business climate, was submitted to the Cabinet.

The review of the **competition** law, reported on last year, is still under preparation. It will transform the Competition Directorate in the Ministry of Industry and Trade into an independent competition commission established under the framework of National Agenda.

Some issues still remain to be resolved as regards the functioning of specific sectoral regulatory authorities (transport, telecoms, energy, etc.) in competition matters. In accordance with the 2004 Competition Law, a Committee for Competition Matters was formed as an advisory body on the general competition strategy and on matters related to the provisions of the law. No progress in the field of state aid can be reported.

As regards **intellectual property rights**, Jordan submitted in August 2008 its instruments of accession to the Nice agreement on international classification of goods and services for the purposes of the registration of marks; the international classification of the figurative elements of marks under the Vienna agreement; and to the Budapest Treaty on the international recognition of the deposit of micro-organisms for the purposes of patent procedures. All three entered into force for Jordan in November 2008. The trademark law was amended in April 2008. Jordan is also working on a new patent law. Jordan benefits from a twinning project to upgrade the professional capacity of the staff in charge of IP enforcement.

New **public procurement** legislation to render the national procurement regime compliant with the WTO Government Procurement Agreement (GPA) is awaiting Cabinet's approval. Legislation compliant with the general procurement agreement is a prerequisite for Jordan's future accession to the GPA. Jordan is also preparing a study on the impact of its accession to the general procurement agreement. Jordan continued its preparations for a full-fledged e-procurement programme. The overall objective of the programme is to increase the efficiency and transparency of the procurement system.

The Department of **Statistics** of Jordan (DOS) continued to participate to the EU-MEDSTAT II programme. It aims to produce harmonised series of statistics over a period of time at national and regional levels, as an essential tool to accompany the establishment of the planned Mediterranean Free Trade area.

The draft law on the modernisation of the Audit Bureau to enhance public **external audit** was submitted to the Council of Ministers in May 2008 but has so far not been adopted. It strives for full financial and administrative independence through a separate allocation for operations from the state budget.

On **enterprise policy**, Jordan assessed its progress in implementing the Euro-Mediterranean Charter for Enterprise. The country made good progress in public-private consultations and the provision of services for enterprises. Access to finance is relatively easy with the Jordan Loan Guarantee Corporation providing a range of guarantee schemes for Small and Medium-size Enterprises (SMEs). In the field of innovation, some networks of innovation centres and incubators are already operational. However, there is a need to complete the policy framework: enterprise, industrial and innovation policies, sector-specific development strategies and an export promotion strategy are still under preparation.

5. COOPERATION ON JUSTICE, FREEDOM AND SECURITY

The third meeting of the EU Jordan Sub-committee on Justice and Security and of the Working Party on Social affairs - which also cover migration issues - were held in May 2008.

Cooperation with Jordan on **border management** advanced slowly. While efforts have been made with EC assistance to improve the efficiency of border management personnel through training on document examination, no further policy developments were noted.

Exchange of information and best practices on migration issues took place under the Euromed regional programme on **migration**.

Migratory pressure remains high due to the large number of Iraqis present in Jordan (see section on foreign policy). In May 2008, Jordan introduced the obligation of a visa for all Iraqis visiting Jordan. A system of visa application was organised through a collaboration of the Jordanian Government and TNT postal services. Visa applications can be made in 16 offices in 8 major Iraqi cities and can be obtained at the border. The process is lengthy. A fast-track system has been established for humanitarian cases. The Jordanian government also decided to exempt Iraqi citizens who wish to return to their country from paying overstay fees and to substantially reduce the fees for those who choose to stay in Jordan.

Jordan did not proceed to ratification of the 2003 United Nations Convention on Transnational **Organized Crime**. The signature and ratification of its three Additional Protocols on the **Trafficking of Persons**, especially Women and Children, the Smuggling of Migrants and on the Illicit Manufacturing of and Trafficking in Firearms are also pending. The convening of an Inter-Departmental Committee is planned to develop a strategy for the Convention's implementation once fully ratified. Despite the pending ratifications, the new law on human trafficking, approved in 2009, was drafted having in mind the provisions of the second protocol on trafficking.

Jordan continued to implement its international obligations in the fight against **drugs** in a regional context. It is party to all three United Nations Conventions on Narcotic Drugs and cooperated with the Mini Dublin Group in the preparation of a narcotics situation report in November 2008 (see Sector Report). It also participated in meetings of the United Nations Commission on Narcotic Drugs (ECOSOC CND), the Arab Office for Narcotic Affairs and is a member of the Unified Arab Law Interpol. The resources of law enforcement agencies are deployed as effectively as possible to take account of existing and future challenges. Jordan has bilateral agreements on counter narcotics cooperation with all its ENP neighbours as well as with Iraq, Iran, Pakistan, Turkey, Hungary and Romania.

Jordan established in 2008 a Higher Council for Drug Awareness, chaired by the Ministry of the Interior, to develop a general anti-drugs strategy. Current practice focuses on prevention alongside law enforcement. Penalties for use and trafficking are severe, but addicts and first time offenders who seek treatment are exempted under the provisions of the 1988 Law. Jordan is strongly committed to regional and international information exchange and training on the improvement of drug rehabilitation strategies. It participated actively in the regional Euromed Police II programme, implemented by CEPOL.

Jordan implemented the 2007 **Anti-Money Laundering** Law through a National Anti-Money Laundering Committee, and an Anti Money Laundering Unit which reports suspicious transactions to the Public Prosecutor's Office. Compulsory reporting exists for banks, real estate agents, financial institutions, precious metal commissions and cash couriers. Foundations and charities are vetted indirectly through other financial institutions. Due diligence and KYC (know your customer) principles have a statutory basis and money laundering is a criminal offence.

Jordan participated actively in Euromed regional programmes on **police and justice** (Euromed Justice II and Euromed Police II). In the framework of these programmes, contacts and exchanges have taken place with judicial, police and other law enforcement counterparts across the region on areas such as family law, cybercrime, fight against terrorism, combating

child pornography and experience with implementation of relevant Council of Europe Conventions. Jordan has not ratified any instrument under the Hague Convention on Private International Law and did not participate in the Malta Process (see Sectoral Report).

6. TRANSPORT, ENERGY, THE ENVIRONMENT, THE INFORMATION SOCIETY, RESEARCH AND DEVELOPMENT

Jordan is currently assessing and updating its 2008-2010 national **transport** policy in order to cover the period 2009-2011. As regards infrastructure planning, Jordan is preparing an increased involvement of the private sector through public private partnerships (PPP) projects. The 'Executive privatisation commission' has been given the responsibility to develop PPP methodology and promote PPP projects with potential investors. Improved transport planning, strengthening of planning capacities in the Ministry of Transport as well as co-ordination between key ministries and public agencies will be needed in order to ensure that investment resources for PPP projects are concentrated on the most strategically important and economically viable projects in the transport sector.

The land transport sector, in particular road haulage, continued to suffer from low efficiency and a regulatory body for the land freight sector still needs to be established. As regards the implementation of the railways master plan (including the upgrading of the railway network) the Government has begun expropriation procedures in order to acquire the necessary rights of way. In May 2008 a contract was awarded to construct a light railway from Zarqa to Amman under a BOT (build, operate, transfer) scheme. The construction of this light railway is a part of overall plans to increase public transport use.

During 2008, Jordan completed the establishment of a separate aviation regulator (the Civil Aviation Regulatory Commission), and the creation of autonomous corporatised airports and air navigation services entities. Jordan continued to pursue a policy of gradual market liberalisation and alignment with European safety standards. After the signing of a civil aviation horizontal agreement in February 2008 (cf. last report), the Jordanian authorities and the European Commission launched in November 2008 negotiations on a Euro Mediterranean aviation agreement that should ensure the adoption of common standards in the field of air transport and the progressive opening-up of the market access.

In the maritime sector Jordan continued to align with international conventions and standards. Jordan strengthened the enforcement of its Maritime Security Code through the setting up of a follow-up committee. Jordan restructured and strengthened the capacity of its Jordan Maritime Authority, placing a particular emphasis on ship inspection. The regulation of the ports sector needs to be strengthened to ensure that the planning of new investment in port development is securely anchored in overall national transport strategies.

Jordan and the EU continued **energy** cooperation including in the context of the 2007 Joint Energy Declaration. Jordan started implementing its 2007-2020 energy master plan. Its main energy challenges are the rapid rise in electricity demand and energy dependence.

In April 2008, Jordan participated in an EU-Mashraq Ministerial meeting which promoted Mashraq energy cooperation and the completion of the Arab gas pipeline. Ministers of Egypt, Lebanon, Jordan and Syria agreed to take steps to connect the Arab gas pipeline to the European network. The pipe now fuels Rehab power station and is completed up to Homs in Syria. Jordan participated in the EC supported Euro-Mashraq gas master plan project, which contributes to developing a Euro-Mashraq natural gas market.

In November 2008, a comprehensive energy law was submitted to the Parliament. It continued to work towards a new energy regulator and to address energy price distortions. It promoted independent power production and reinforced the domestic electricity networks. Jordan completed the privatisation of the electricity distribution sector. It took steps to open up the oil sector, worked towards the strengthening of oil storage and marketing capacity, and prepared the construction of the Aqaba-Zarqa oil pipeline and the refurbishment of the Jordan refinery.

Jordan further worked on electricity interconnections with Mashraq countries. In February 2008, the Jordan-Jericho electricity line was inaugurated. Reflections started on further links between Jordan and the West Bank. Jordan, Egypt and the Palestinian Authority explored the possibilities for more network interconnections. Jordan, the Palestinian Authority and Israel exchanged views on future electricity interconnections. Jordan and Iraq re-launched an oil agreement and exports to Jordan started.

In 2008, Jordan became a partner in the Regional Centre for Renewable Energy and Energy Efficiency for the Middle East and North Africa countries. The Cairo-based Centre was inaugurated in June 2008 and is supported by the European Commission, Denmark and Germany. Jordan further implemented its energy efficiency strategy and continued to put high emphasis on the use of renewable energy sources.

Jordan pursued Euro-Mediterranean energy cooperation, in particular through the multiple projects. The July 2008 Summit of the Union for the Mediterranean endorsed the development of a Mediterranean Solar Plan.

Jordan continued to develop a longer term strategy to build nuclear power plants, launched plans to construct a nuclear research reactor and started the exploitation works of domestic uranium reserves. Jordan established a High Commission on Nuclear Energy Strategy. In March 2008, the nuclear energy law and the law on nuclear safety, security and radiation protection entered into force. Under these laws the Jordan Atomic Energy Commission and the Jordan Radiation and Nuclear Regulatory Commission were established. In May 2008, the European Commission and Jordan held a workshop on nuclear safety and security, which was followed up by an experts' mission in view of a possible nuclear safety cooperation programme. Jordan pursued the preparations for the use of domestic oil shale.

In the field of **climate change**, Jordan is in the final phase of preparing a second national communication, as well as a greenhouse gas inventory, an assessment of climate impacts and adaptation measures. Jordan prepared further Clean Development Mechanism (CDM) projects. One of the seven Jordanian projects is registered at the UN level. Adaptation studies are in the final stage of preparation. Jordan has not yet adopted a formal position regarding the post-2012 climate regime.

The Ministry of **Environment** took steps to implement its strategic plan for 2007-2010. A national environment action plan is under preparation. The legislative framework continues to require further development, in particular with regard to implementing legislation. No new legislation was adopted in 2008, but Jordan continued preparing new legislation on an environmental fund, as well as on monitoring and inspections. Jordan also started preparing legislation in the fields of water, waste management, air quality and environment liability. The Government adopted a water demand management policy in 2008. Work continued to develop a policy strategy on solid waste and a new water strategy. Steps were taken to implement existing strategies and plans, but continued attention is required.

Furthermore, the Ministry of Environment took steps to implement administrative reforms at governorate level, and decentralisation is on-going. Nevertheless, further strengthening of administrative capacity is still a major challenge. Coordination between involved authorities also requires attention. Reform of the water sector policy and institutional set-up continued. Some activities took place to promote integration of environment considerations into other policy sectors such as tourism and transport. Monitoring and enforcement continue to require special attention. Some steps were taken to promote the establishment of an integrated permitting system. A state-of-the environment report was finalised. Some steps were taken concerning access to information and public participation. Jordan started promoting the application of strategic environmental assessments in sectoral plans and programmes.

Implementation of ratified international and regional conventions and protocols requires particular attention. Jordan continued participation in the Horizon 2020 Initiative and the EU Water Initiative. Jordan hosted the December 2008 Euro-Mediterranean Ministerial Conference on Water, launching the preparation of a regional water strategy for the Mediterranean. Cooperation and information exchange took place between the European Commission and Jordan, including on water resource management, environmental reporting and civil protection. Other topics, such as other water-related issues were identified for possible closer cooperation.

On the basis of the national strategy for the development of the **information society** spanning the years 2007-2011, the Ministry of Information Technology and Communications Technology (MoICT) and the Telecommunication Regulatory Commission (TRC) continued to implement and fine-tune the information society policies. The MoICT continued the efforts to provide broadband Internet access for all schools and universities. A national e-commerce strategy (2008-2012), including an action plan, was developed by MoICT in cooperation with major stakeholders. The Ministry of Industry and Trade is in charge of the implementation of the strategy.

MoICT drafted a regulation for the accreditation of Certification Authorities in the framework of the e-Transaction Law and the TRC will be responsible for the implementation. The MoICT continues efforts to provide broadband Internet access for all schools and universities.

The TRC published a tender for a licence to provide Third Generation mobile services (3G). TRC also authorised the provision of MVNO (Mobile Virtual Network Operator) services and has issued a public consultation on local loop unbundling, collocation of facilities and sharing of the fixed infrastructure. After the award of five spectrum licences for the provision of Fixed Broadband Wireless Access (FBWA) services, two licences started operations at the end of 2007 and mid-2008; the other three services will be launched in 2009. Finally, TRC has issued a licence for Internet access services via Very Small Aperture Terminals (VSAT) and five licences for the provision of international gateway access services with a wide capacity range.

As regards the **audiovisual** sector, the Government intends to establish a converged regulator for telecoms and broadcasting, leading to a merger between the TRC and the Audiovisual Commission (AVC). The AVC had prepared a strategy for audiovisual policy in 2006, which still remains to be adopted by the Government. In March 2008, the Government adopted a law stipulating that a five per cent tax on all advertisements placed in media as well as a two per cent tax on the fee for licensing or renewing radio and satellite station licences will be levied. The revenues will be used to support cultural activities. Although the Government is not anymore the sole Jordanian broadcaster of television, the first independent television

company in Jordan has difficulties in obtaining the necessary licences from the Government allowing it to broadcast its full stock of programmes.

Regarding **research and technology** the negotiations between the EC and Jordan on science and technology development were successfully concluded the agreement initialled in January 2009. The agreement is expected to be formally adopted before the end of 2009. It will consolidate the dialogue between the EC and Jordan and will also aim at improving the participation of Jordanian researchers in the research framework programmes. The agreement will be operated through a Joint Committee which will be composed of Commission and Jordanian representatives. Although a scientific research fund established by the Ministry of Higher Education and Research became operational at the beginning of 2008, the fund has not financed any projects yet. A better coordination and cooperation between the various stakeholders involved in the running of the fund is being sought. The success rate of Jordanian researchers in the 7th research framework programmes remains comparatively high; 10 Jordanian institutions have been selected for funding.

7. PEOPLE-TO-PEOPLE CONTACTS, EDUCATION AND HEALTH

In the area of **education**, a second phase of the Education Reform for the Knowledge Economy project (ERfKE) is currently under preparation under the guidance of the Ministry of Education. The timeframe for ERfKE II will be 2009-2013, and its objective is to take the reform to the school level. In addition, the Ministry of Higher Education is preparing a similar initiative for higher education.

Jordan continued to benefit from academic co-operation and partnerships with European universities through Tempus, with the selection of three projects under the first Call for Proposals under Tempus IV. While the programme's impact has been very high in terms of the individuals and universities involved, it has yet to affect the direction of higher education policy development. Only one Jordanian student received a scholarship under Erasmus Mundus for the academic year 2008-09. Jordan also participated in the Erasmus Mundus External Cooperation Window. Some faculty members were also selected to participate in the mobility for the academic year 2008-09. A further three Jordanian students received scholarships in European integration studies at masters level for students from the ENPI region under a special pilot project for the academic year 2008-09.

On **vocational training**, the Parliament approved a new law on the Employment and Technical and Vocational Education and Training Council in July. The law established an employment and TVET (technical and vocational education training) Training Fund, thus guaranteeing the financial resources to enhance quality and capacity of training. The law also foresees the establishment of an accreditation and certification centre for TVET under the supervision of the Minister of Labour. In addition, the Ministry established an E-TVET Development and Coordination Unit. The establishment of a Higher Council for Human Resources Development with a mandate to facilitate coordination among education and training stakeholders is still expected (the draft by-law is under preparation).

Jordan consistently and actively promoted the benefits of **youth** exchanges, voluntary service and intercultural dialogue. In October 2008, the Ministry of Political Development hosted the eighth Euromed Youth Meeting in Amman bringing together representatives of Euromed Youth Units from participating Mediterranean countries as well as national agencies of the Youth in Action programme with a particular focus on how to enhance and develop youth

dialogue through regional cooperation (see Sectoral Report). International cooperation has impacted strongly on Jordanian youth policy, influencing the regulations on establishing youth organisations as well as methodological approaches for the development of informal education for young people. Jordan launched two calls for proposals under Euromed Youth III, resulting in the selection of 6 projects. Further efforts are needed to raise interest in voluntary service and non-exchange related actions as well as the benefits offered by participation in similar activities under Youth in Action.

In the area of **culture**, a musical festival and a street art festival took place with EC support in respectively June and September 2008, providing Jordanian artists with an opportunity to cooperate with their European counterparts. Cultural policy however lacks a targeted, long-term vision, tending to be perceived as supplementary to tourism development. Within the framework of regional programme Euro-Med Audiovisual II, a third edition of the Cinema Caravan was organised in August 2008. The programme provided training for members of the Amman Filmmakers Cooperative helping to establish links with the Ministry of Culture and the Royal Film Commission. The latter, in particular, has been an active participant in Jordanian cultural life and a reliable and proactive partner in the EU cultural initiatives.

Jordan pursued reform in the **health** sector on the basis of the National Social and economic development programme 2009-2011 and the health ministry's Strategic Plan 2008-2012. The main aims include better access to quality health services particularly in remote and rural areas and full health insurance coverage. Jordan prepared an amendment of the Public health law which includes tobacco control measures. In November, Jordan participated in the second Euro-Mediterranean ministerial health conference, which opened new perspectives for regional health cooperation. The European Commission continued to invite Jordan to the EU Network of competent authorities in health information. In 2008, Jordan remained involved in the "EpiSouth" network for EU, Mediterranean and Balkan countries on communicable diseases.

8. FINANCIAL COOPERATION – 2008 KEY FACTS AND FIGURES

The ENPI financial envelope for Jordan under the National Indicative Programme 2007-2010 is EUR 265 million. The programme is geared towards supporting the achievement of key policy objectives as outlined in the Action Plan and pursues four priorities: political reform, democracy, human rights, justice and good governance; trade and investment development; sustainability of the growth and development process; institution building, financial stability and support for regulatory approximation.

In 2008, the Commission continued to support the extensive national reform efforts and programmed assistance for a total amount of EUR 65 million under the ENPI. This assistance is targeted at three priority areas: support to trade and investment development, through the allocation of EUR 48 million to the "Trade and Transport Facilitation Programme" and the "Support to Enterprise and Export Development Programme"; support to the reform of criminal justice, the anti-corruption institutions and fight against radicalization through a EUR 7 million programme; and support to institution building through the allocation of EUR 10 million for the "Support to the Action Plan Programme", which is a flexible tool that can respond to priorities as they arise.

Programmes that continued to be implemented in 2008 included support to the implementation of the National Agenda and of the public financial management reform, to research and technological development, to NGO's working on the promotion of democracy

and political participation, to the reform of the education sector and to poverty reduction through local development.

Twinning projects have been developed in sectors such as anti-terrorism, penitentiary reform, renewable energy and environmental legislation.

Jordan also benefits from cooperation activities financed under the ENPI multi-country (including the Neighbourhood Investment Facility) and regional programmes. Jordan is a partner in the CBC Mediterranean Sea basin programme (EUR 173,607 million for the whole programme in the period 2007-13). Through this programme the populations of the maritime regions bordering the Mediterranean Sea will receive funding for joint co-operation projects aimed at fostering sustainable development and enhancing human contacts.

As was already the case in 2007, an additional amount of EUR 12 million was mobilized through the Development Co-operation Instrument to support a programme aiming at the improvement of water distribution in the Zarqa area, to address the needs of Iraqi refugees in this area.

Donor coordination has been strengthened, with increased involvement of the Minister of Planning that seems keen to drive this process and improve – with EC assistance – the information management of aid flows, with a view to facilitating harmonisation.