Council of the European Union

Brussels, 19 October 2026
(OR. en)

14658/26

POLCOM 377
FDI 49
MAMA 242

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	19 October 2026
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2026) 575 final
Subject:	Recommendation for a COUNCIL DECISION authorising the opening of negotiations of individual Sustainable Investment Facilitation Agreements between the European Union, and respectively, the Arab Republic of Egypt and the Hashemite Kingdom of Jordan

Delegations will find attached document COM(2026) 575 final.

Encl.: COM(2026) 575 final

EUROPEAN
COMMISSION

Brussels, 19.10.2026
COM(2026) 575 final

Recommendation for a

COUNCIL DECISION

authorising the opening of negotiations of individual Sustainable Investment Facilitation Agreements between the European Union, and respectively, the Arab Republic of Egypt and the Hashemite Kingdom of Jordan

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The Competitiveness Compass of 29 January 2025 highlighted the need for the EU to *"[seek] new ways of deepening partnerships and [create] benefits for our businesses*", including through Sustainable Investment Facilitation Agreements (hereinafter, "SIFAs").[1] The EU's first SIFA with Angola entered into force on 1 September 2024.[2] The Council of the European Union adopted a Decision authorising the opening of SIFA negotiations with Côte d'Ivoire on 12 June 2025[3] and with Ecuador on 20 October 2025.[4]

In 2021, the Commission offered in its Trade Policy Review Communication to modernise trade and investment relations with those Southern Neighbourhood countries interested in fostering closer integration with the EU[5], which included the possibility of SIFAs.

Regarding Egypt, the Joint Declaration[6] of March 2024 by Commission President von der Leyen and Egyptian President El-Sisi on the EU-Egypt Strategic and Comprehensive Partnership, reiterates interest for the modernisation of trade and investment relations. The Egyptian Minister of Investments and Foreign Trade in August 2025 addressed a letter to the European Commissioner for Trade and Economic Security with a formal request to start SIFA negotiations. The total Foreign Direct Investment (FDI) stock between the EU and Egypt totalled EUR 37.1 billion in 2024 with EU inward FDI stock accounting for EUR 1.7 billion and it's outward FDI stock amounting to EUR 35.4 billion.

Regarding Jordan, the Joint Declaration[7] of January 2025 by Commission President von der Leyen and King Abdullah II of Jordan on the EU-Jordan Strategic and Comprehensive Partnership, reiterates interest for the modernisation of trade and investment relations. In a Joint Statement of January 2026[8], both parties reaffirmed their agreement to discuss investment facilitation measures to help strengthen investment. In April 2026, Jordan's Minister of Investment addressed a letter to the European Commissioner for Trade and Economic Security conveying Jordan's interest in commencing the process of negotiating a SIFA with the EU. The total FDI stock between the EU and Jordan totalled EUR 3.7 billion in 2024.

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1 Communication from the Commission on a Competitiveness Compass for the EU, COM(2025) 30 final.

2 See Council Decision (EU) 2024/829 of 4 March 2024 on the conclusion, on behalf of the Union, of the Sustainable Investment Facilitation Agreement between the European Union and the Republic of Angola, OJ L, 2024/829, 8.3.2024.

3 Council Decision (EU) 2025/1209 of 12 June 2025 authorising the opening of negotiations with the Republic of Côte d'Ivoire for a sustainable investment facilitation agreement, OJ L, 2025/1209, 17.6.2025, ELI: http://data.europa.eu/eli/dec/2025/1209/oj.

4 Council Decision (EU) 2025/2278 of 20 October 2025 authorising the opening of negotiations with the Republic of Ecuador for a sustainable investment facilitation agreement, OJ L, 2025/2278, 7.11.2025, ELI: http://data.europa.eu/eli/dec/2025/2278/oj.

5 Communication from the Commission on Trade Policy Review – An Open, Sustainable and Assertive Trade Policy, COM(2021) 66 final.

6 Joint Declaration on the Strategic and Comprehensive Partnership between The Arab Republic Of Egypt and the European Union of 17 March 2024.

7 Joint Declaration on the Strategic and Comprehensive Partnership between The Hashemite Kingdom of Jordan and the European Union of 29 January 2025.

8 See point 8 of the Joint Statement Jordan-EU Summit, 8 January 2026, Amman, Jordan.

The individual SIFAs between the EU, and respectively, Egypt and Jordan (hereinafter, "the Agreements") would be an opportunity to continue improving the business and investment climate to facilitate investment relations between the EU, and respectively, Egypt and Jordan and support investors in taking further advantage of opportunities created by the Free Trade Area established by the EU-Egypt Association Agreement and the Free Trade Area established by the EU-Jordan Association Agreement. The Agreements would seek to do so through commitments on investment facilitation, such as increased transparency and predictability for investment-related laws and regulations, simplification of investment authorisation procedures, and improving public-private dialogue through investor focal points and stakeholder involvement. The ultimate objective would be to foster a more transparent, efficient and predictable investment climate, and therefore support Egypt and Jordan in attracting FDI whilst upholding standards concerning the environment, labour rights and climate. In doing so, the Agreements would promote sustainable development, economic growth and job creation. In light of the above, the Commission recommends opening negotiations of a SIFA with, respectively, Egypt and Jordan.

- **Consistency with existing policy provisions in the policy area**

The objectives of the Agreements are consistent with the Treaty on European Union (TEU), which provides that the EU should *"encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade."*[9]

The Agreements advance the objectives of the Competitiveness Compass of 29 January 2025, which mentioned the need for the EU to *'[seek] new ways of deepening partnerships and [create] benefits for our businesses*', including through SIFAs.[10] They also follow-up on the Trade and Sustainable Development review Communication of 2022.[11]

The Agreements would be in line with the 2021 Trade Policy Review Communication where the Commission offered to modernise trade and investment relations with those Southern Mediterranean countries interested in fostering a closer integration with the EU[12]. The Agreements would also contribute to fulfil initiatives under the Joint Communication on The Pact for the Mediterranean, which reiterates the possibility of modernising our bilateral trade and investment relations with Southern Neighbourhood partners, notably by "*exploring Sustainable Investment Facilitation Agreements*".[13] Investment facilitation initiatives, including a SIFA, are also envisaged in the bilateral Strategic and Comprehensive Partnership concluded with Egypt in 2024 and in the bilateral Strategic and Comprehensive Partnership concluded with Jordan in 2025 and reaffirmed in the Joint Statement of the EU-Egypt Summit of 22 October 2025 and in the Joint Statement of the Jordan-EU Summit of 8 January 2026.

The Agreements will pull together various strings of work currently undertaken with, respectively, Egypt and Jordan in several areas (e.g. energy, macro-financial assistance) through improving transparency and good governance practices. In particular, it would complement the work undertaken under the Strategic and Comprehensive Partnerships on attracting FDI into Egypt and Jordan, respectively. Moreover, in the context of the "Trans-

9 Article 21(2)(e) TEU.

10 Communication from the Commission on a Competitiveness Compass for the EU, COM(2025) 30 final.

11 Communication from the Commission to the European Parliament, the Council and the Economic and Social Committee: "The power of trade partnerships: together for green and just economic growth", COM(2022) 409 final.

12 Communication from the Commission on Trade Policy Review – An Open, Sustainable and Assertive Trade Policy, COM(2021) 66 final.

13 Joint Communication on The Pact for the Mediterranean – One Sea, One Pact, One Future, JOIN(2025) 26 final.

Mediterranean Renewable Energy and Clean-Tech Cooperation Initiative" (T-MED)[14], the Agreements will complement the EU's efforts to support Egypt and Jordan in creating a conducive business environment by introducing binding commitments that will facilitate investment projects in the T-MED context.

Following the first EU-Egypt Leaders' Summit in October 2025, Egypt joined the WTO Investment Facilitation for Development Agreement (IFDA). In the Joint Statement of January 2026, Jordan committed to support integrating the Investment Facilitation for Development Agreement into the World Trade Organisation (WTO). The Jordanian Minister of Investment confirmed in a letter of April 2026 that Jordan is exploring the possibility of joining the IFDA. The Agreements would be fully consistent with, and complementary to the IFDA which has been negotiated within the World Trade Organization.[15]

- **Consistency with other Union policies**

The objectives of the Agreements are consistent with other EU policies, notably the EU's development policy.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Procedural legal basis**

The procedural legal basis for the proposed decision to authorise the opening of negotiations of the envisaged agreements is Article 218(3) and (4) of the Treaty on the Functioning of the European Union (TFEU).

Article 218(3) TFEU provides that, where the agreement envisaged does not relate exclusively or principally to the common foreign and security policy, the Commission shall submit recommendations to the Council. The Council shall adopt a decision authorising the opening of the negotiations and nominating the Union negotiator or the head of the Union's negotiating team.

Article 218(4) TFEU provides that the Council may address negotiating directives to the negotiator and designate a special committee in consultation with which the negotiations must be conducted.

The Commission recommends to open negotiations between the European Union, and respectively, the Arab Republic of Egypt and the Hashemite Kingdom of Jordan for individual international agreements relating to investment facilitation. The Commission is to be nominated as negotiator.

- **Substantive legal basis**

This act falls within the Common Commercial Policy and hence the substantive legal basis is 207(4) TFEU.

- **The choice of negotiator**

Given that the agreements envisaged exclusively cover matters other than the common foreign and security policy, the Commission must be designated as the negotiator pursuant to Article 218(3) TFEU.

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14 https://north-africa-middle-east-gulf.ec.europa.eu/trans-mediterranean-renewable-energy-and-clean-tech-cooperation-initiative_en

15 https://www.wto.org/english/tratop_e/invfac_public_e/invfac_e.htm

- **Union competence**

This act falls within the Common Commercial Policy under Article 207 TFEU. It therefore falls within the exclusive competence of the Union in accordance with Article 3(1) TFEU.

- **Subsidiarity (for non-exclusive competence)**

According to Article 5(3) of the TEU, the subsidiarity principle does not apply in areas of exclusive EU competence.

- **Proportionality**

The recommendation of the Commission is in line with the principle of proportionality, as the conclusion of an international agreement is the main instrument for assuming reciprocal rights and obligations with a subject of international law, such as a foreign country.

- **Choice of the instrument**

This recommendation for a Council decision is submitted in accordance with paragraphs 3 and 4 of Article 218 TFEU, which envisage the adoption by the Council of a decision authorising the opening of negotiations and nominating the Union negotiator. The Council may also address negotiating directives to the negotiator. There exists no other legal instrument that could be used in order to achieve the objective expressed in this recommendation.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

Not applicable.

- **Stakeholder consultations**

The Commission carried out a public consultation in 2019 as part of the *ex post* evaluation of impact of trade chapters of the Euro-Mediterranean Association Agreements with six partners, which included **stakeholders'** views on investment in the covered countries, including Egypt and Jordan.[16] Moreover, the Commission regularly consults stakeholders *inter alia* in the Expert Group on Trade Agreements[17] and the Civil Society Dialogue.[18]

- **Collection and use of expertise**

This proposal relies on external expertise gathered in the context of a project carried out by the World Bank and commissioned by the European Commission. The report notably identified that investors[19] put forward, as critical factors affecting their investment decisions

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16 European Commission: Directorate-General for Trade and Economic Security, ECORYS, CASE and FEMISE, *Ex-post evaluation of the impact of trade chapters of the Euro-Mediterranean Association Agreements with six partners – Country report Egypt – Final report*, https://data.europa.eu/doi/10.2781/090261; *Ex-post evaluation of the impact of trade chapters of the Euro-Mediterranean Association Agreements with six partners – Country report Jordan – Final report*, https://data.europa.eu/doi/10.2781/553964.

17 http://ec.europa.eu/trade/trade-policy-and-you/expert-groups/

18 http://trade.ec.europa.eu/civilsoc/meetdetails.cfm?meet=11531

19 See World Bank, *Retention and Expansion of Foreign Direct Investment, Political Risk and Policy Responses*, http://documents1.worldbank.org/curated/en/387801576142339003/pdf/Political-Risk-and-Policy-Responses.pdf

in developing countries, the lack of transparency and predictability in dealing with public agencies, the sudden change in the laws and regulations, and the delays in obtaining government permits and approvals. Those are the areas that would be covered by the proposed SIFA. Furthermore, this proposal relies on external expertise gathered in the context of a project carried out by the Organisation for Economic Cooperation and Development (OECD) and commissioned by the European Commission. The report evaluates the feasibility of SIFAs with selected Southern Neighbourhood countries, including Egypt and Jordan.[20]

- **Impact assessment**

Investment facilitation commitments in the Agreements focus on the application of good governance principles and good regulatory practices, including transparency, predictability, and administrative efficiency, in a partner country's investment framework (investment laws, regulations, and procedures). The impact of these investment facilitation measures relates largely to the implementation of the Agreements by a partner country and the long-term improvement in its investment environment. The overall impact is also affected by individual investments that such an improved investment framework may attract. The Agreements codify practices that are already well-established within the EU.

In addition, the initiative benefits from several existing assessments carried out over the years, including the OECD study "Towards More Sustainable Investment Frameworks" to assess the feasibility and opportunity of SIFAs with selected Southern Neighbourhood partners.[21]

- **Regulatory fitness and simplification**

This proposal seeks to recommend the adoption by the Council of a decision authorising the opening of negotiations of individual SIFAs, respectively, with Egypt and Jordan. The proposal does not entail exchange of data, automation of processes, use of digital systems or the provision of public services. Consequently, the 'digital by default' principle does not apply, as it does not introduce specific digital requirements.

- **Fundamental rights**

The initiative fully respects the Charter of Fundamental Rights of the European Union.

4. BUDGETARY IMPLICATIONS

The initiative does not have budgetary implications.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The negotiations of the Agreements are expected to be concluded in 2027.

- **Explanatory documents (for directives)**

Not applicable.

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[20] See OECD, *Towards More Sustainable Investment Frameworks: Evaluating the Feasibility of Sustainable Investment Facilitation Agreements with Southern Neighbourhood Countries*, https://doi.org/10.1787/411468b9-en.

[21] *ibid.*

- **Detailed explanation of the specific provisions of the proposal**

The provisions aim to recommend the adoption by the Council of a decision authorising the opening of negotiations and nominating the Union negotiator. The Council may address directives to the negotiator.

Recommendation for a

COUNCIL DECISION

authorising the opening of negotiations of individual Sustainable Investment Facilitation Agreements between the European Union, and respectively, the Arab Republic of Egypt and the Hashemite Kingdom of Jordan

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(4), first subparagraph, in conjunction with Article 218(3) and (4) thereof,

Having regard to the recommendation from the European Commission,

Whereas:

Negotiations should be opened with a view to concluding individual Sustainable Investment Facilitation Agreements with, respectively, the Arab Republic of Egypt and the Hashemite Kingdom of Jordan,

HAS ADOPTED THIS DECISION:

Article 1

The opening of negotiations for international agreements between the Union and, respectively, the Arab Republic of Egypt and the Hashemite Kingdom of Jordan on sustainable investment facilitation is hereby authorised.

Article 2

The Commission is hereby nominated as the Union negotiator.

Article 3

The negotiating directives set out in the Annexes to this Decision are hereby addressed to the Commission.

Article 4

The negotiations shall be conducted in consultation with the [*preparatory body of the Council*], which is hereby designated as the special committee provided for in Article 218(4) TFEU.

Article 5

This Decision and its Annexes will be made public immediately after their adoption.

Article 6

This Decision is addressed to the Commission.

Done at Brussels,

For the Council
The President