

**COOPERATION
BETWEEN
THE EUROPEAN UNION
AND IRAQ**

The Cooperation Council

**Brussels, 19 March 2023
(OR. en)**

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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	EU-Iraq Joint Declaration on sustainable development, green transition, governance, regional connectivity and sustainable finance (Brussels, 19 March 2023)

Delegations will find in Annex the EU-Iraq Joint Declaration on sustainable development, green transition, governance, regional connectivity and sustainable finance following the 3rd EU-Iraq Cooperation Council.

EU-Iraq Joint Declaration on sustainable development, green transition, governance, regional connectivity and sustainable finance

Following the 3rd EU-Iraq Cooperation Council

(19 March 2023 in Brussels)

The EU and Iraq, in the framework of implementation of their Partnership and Cooperation Agreement of 2012, will deepen and intensify cooperation with a view to boost economic reforms and sustainable green transition.

As defined in the Partnership and Cooperation Agreement, the EU and Iraq recall and acknowledge the great importance of sustainable and social development which should go hand in hand with economic development. The two sides reiterate the importance of enhancing cooperation between them, to consolidate, deepen and diversify their relations in areas of mutual interest on the basis of respect for sovereignty, equality, non-discrimination, rule of law and good governance, respect for the natural environment and mutual benefit. Furthermore, the EU and Iraq recognise the need to support Iraq's efforts to continue political reforms and economic rehabilitation.

In this regard, the EU and Iraq recognise the need to address climate change globally, in line with their international commitments, particularly the Paris Agreement. As a part of these efforts, they are determined to work together towards the Sustainable Development Goals and make progress in de-carbonisation of energy and transport. Close cooperation to enhance regional connectivity through digital, energy and transport networks, to encourage and sustain stabilisation and peace in the Middle East, is essential. This includes the mobilisation of sustainable finance towards these aims to meet the sizeable investment needs in Iraq and the region, notably through possible cooperation between Iraq and European development and trade finance institutions. These efforts are in line with the EU's Green Deal and the Global Gateway initiatives.

1. Sustainable development and green transition

The EU lauds Iraq's commitment to foster renewables and improve the country's energy efficiency potential towards the green energy sector. The EU and Iraq attach great importance to the electricity and gas market reforms in Iraq, including the modernisation of the electricity grid, and agree on the need for actions to reduce unnecessary gas flaring as much as possible and to use the saved gas instead for domestic electricity production.

The EU commends Iraq for its ratification of the Paris Agreement and encourages Iraq to follow up on the required steps to implement its Nationally Determined Contribution (NDC).

Noting Iraq's high vulnerability to the impact of climate change and environmental degradation, the EU and Iraq acknowledges the importance of defining clear targets and stepping up action to address the most pressing challenges linked to emissions reduction – including fugitive emissions – water management and adaptation to climate change.

The EU and Iraq agree on the role that decarbonisation pathways – especially for the electricity sector – can play in terms of significant additional growth and productivity gains.

The EU expressed readiness to assist Iraq in urgently tackling climate adaptation and environmental degradation challenges through the transition towards sustainable, fair and resilient economies.

2. Governance

The EU and Iraq reaffirm cooperation on Iraqi (re)-commitment on incremental reforms, which would include regulatory frameworks and enabling environment for the private sector, also addressing and improving the wider governance and basic service delivery, as well as improving transparency and fighting corruption.

3. Regional connectivity

The EU and Iraq intend to enhance cooperation on improving regional electricity interconnections and the promotion of stronger transport connections in the region. Furthermore, the two sides reaffirm air safety as a key priority area in their bilateral relations. The EU will continue to engage with the Iraq Civil Aviation Authority (ICAA) and will monitor the ICAA's safety oversight capabilities.

4. Sustainable finance

The EU supports the Government of Iraq in its efforts to address underlying structural imbalances and advance much-needed reforms on economic diversification, strengthening the private sector, women economic empowerment and attracting investments, with a view to tackle unemployment challenges, with special focus on youth, women and displaced populations.

The EU, in cooperation with European Development Finance Institutions, such as EIB and potentially EBRD, are ready to work closer with the Government of Iraq to advance engagement with finance institutions to boost private sector development, including in banking, and improve the investment environment in the country through diversification, sustainability and inclusiveness, in particular by supporting operations in Iraq that are aligned with Global Gateway priorities, notably on climate related investments.