



EU Sets Normal Funding Safeguards Aside to Rush Aid Money to Egypt Before Europarl Elections

Description

EU : The European Union intends to fast-track some of its aid money to Egypt using an urgent funding procedure that bypasses parliamentary oversight and other safeguards, according to the president of the bloc's executive branch.

The 1 billion euros (\$1.1 billion) intended for this is part of a larger package of 7.4 billion euros (\$8 billion) in financial assistance to the North African country that the EU announced on March 17.

Egypt has for years relied on cash handouts, often from wealthy Gulf Arab states, as concerns mount that economic pressure and regional conflicts could drive more migrants from the region to Europe's shores.

The EU package includes three year's worth of grants and favorable loans for the Arab world's most populous country. Most of the funds – 5 billion euros (\$5.4 billion) – are known as macro-financial assistance, or MFA, and would be paid directly to Egypt's Central Bank.

It's rare for the EU to sidestep safeguards, but European Parliament elections are due June 6-9 – a timeline that if the checks were implemented, would slow the delivery of that money.

With those polls in mind, European Commission President Ursula von der Leyen announced plans for “an urgent MFA operation for up to 1 billion euros” for Egypt, noting in a letter to EU Parliament President Roberta Metsola the country's “rapidly deteriorating economic and fiscal situation.”

The letter, seen by The Associated Press, preceded the announcement of the deal with Egypt.

Von der Leyen blamed “a very large exposure to the economic effects of Russia's full-scale war of aggression on Ukraine, the wars in Gaza and Sudan, and the Houthi attacks in the Red Sea,” and said it was “imperative to make sure that a first significant contribution” would get to Egypt by the end of 2024.

To do so, the commission would employ a seldom-used part of the EU treaties, Article 213, which

stipulates that the 27 member countries must endorse the funds – but not the parliament, the bloc's only democratically elected institution.

Not even when COVID-19 spread in 2020 and the EU bailed out governments from the Balkans to the Middle East was this path taken. Nor is it used to keep Ukraine's war-shattered economy afloat, although Kyiv did benefit from it a decade ago, when Russia annexed Crimea and hiked natural gas prices.

Apart from removing the need for parliamentary oversight, the urgent funding procedure also side-steps a requirement for an impact assessment on the effects of the assistance.

Von der Leyen said the new parliament that will be formed after the EU elections would be “fully involved” for the remaining 4 billion euros (\$4.3 billion) of MFAs to Egypt, to be disbursed when Cairo agrees to implement “more comprehensive” reforms.

The deal also includes a 1.8 billion euro (\$1.9 billion) investment plan and 600 million euros (\$647 million) in loans, including at least 200 million euros (\$217 million) that will go to Egypt for “migration management.”

The fast-track money would inject much-needed funds into the Egyptian economy, which has been hit hard by years of government austerity, the coronavirus pandemic, the fallout from Russia's full-scale invasion of Ukraine, and most recently, the Israel-Hamas war in Gaza.

Usually, MFAs are meant for governments with dire economic woes and to encourage them to introduce reforms. Yet the commission acknowledges that Egypt is “sluggish” on policy revision and already has a “backlog of domestic reforms” to address.

Migration is a key factor driving the EU-Egypt deal. As in previous years, it will be an election issue in the EU and mainstream parties want to keep arrivals down to deprive the far-right of campaign fuel.

The deal in Cairo came just weeks after a pact was sealed with Mauritania involving money to help the country – a major transit hub for people moving through Africa toward Europe – beef up border security.

A more substantial agreement was clinched with Tunisia last July, expanding on a model the bloc developed with Turkey in 2015 to stop migrants reaching Europe.

While the Egyptian coast has not been a key launching pad for human traffickers sending overcrowded boats across the Mediterranean Sea to Europe, Egypt faces migratory pressures from the region, with the added looming threat that the Israel-Hamas war could spill across its borders.

The commission, asked by the AP what conditions Egypt should respect to receive urgent funding, said that “relevant and feasible reform priorities would need (to) be selected taking into account the corresponding time horizon.”

The commission's website says macro-financial assistance must be "exceptional in nature" and that "a pre-condition for granting MFA is the respect of human rights and effective democratic mechanisms."

Amnesty International has implored the EU to put rights abuses at the center of relations with Egypt – and the commission concedes that "human rights challenges in Egypt remain significant."

Still, the EU's executive branch maintains that "the political leadership in Egypt has taken several steps putting greater emphasis on the importance of the respect for human rights" in recent years.

Earlier this month, Egypt floated its currency and announced a deal with the International Monetary Fund to increase its bailout loan from \$3 billion to \$8 billion, moving to shore up an economy hit by a staggering shortage of foreign currency and soaring inflation.

Cairo's coffers will also be replenished with \$35 billion from a massive project involving an Emirati consortium to jointly develop the Mediterranean city of Ras el-Hekma.

Since coming to power in 2013, Egyptian President Abdel Fattah el-Sissi has relied heavily on Gulf Arab states, from where an estimated more than \$100 billion entered Egypt via Central Bank deposits, fuel aid and other support.

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