



A billion euro for the food crisis? Decision to be taken in budget conciliation

The Development Committee has reaffirmed its support on Tuesday for using budget surpluses - unused appropriations - in the EU's agriculture budget to help counter the food crisis in developing countries. 35 priority countries should benefit from this support. The doubts concerning the budgetary procedure and the exceptional nature of the proposal have not, however, been resolved by this vote. The final decision will be taken in the budgetary conciliation meeting of 21 November.

"At a time when tens of billions of euro are being used to rescue banks, we should be capable of releasing a billion euro to help developing countries to stimulate their own food production by buying seed and fertilizer," said rapporteur Gay Mitchell (EPP-ED, IE) after the vote.

This rapid response to the soaring price of food in developing countries will have a budget of €1 billion. The Commission is proposing that €750 million be released in 2008 and the remaining €250 million in 2009.

The instrument aims to improve access to agricultural inputs and services, including fertilizer and seed, as well as so-called safety-net measures, aiming to preserve or improve agricultural production and to satisfy the basic food needs of the most vulnerable people.

Exceptional aid to complement existing support

"Today's vote in the committee is a basis for a first reading agreement with Council," said the rapporteur, while also pointing out that some Member States still have doubts about the supplementary nature of the instrument.

MEPs are insisting that the instrument should be a complementary step aimed at responding to crisis situations. The €1 billion euro should be added to the €800 million already available for humanitarian relief and emergency situations in 2008-9.

The various specialists organisations of the UN (FAO, IFAD, UNICEF and WFP) and the World Bank were identified as the main beneficiaries of the instrument. But the MEPs specified that 40 per cent of the funds should be administered by these organisations. The list of entities which could benefit from the funds was expanded, notably to include NGOs and Member States' development agencies.

35 countries should be selected

To ensure the aid is effective, MEPs decided it should be target on no more than thirty

five priority developing countries. They should be selected based on their dependence on food imports, on the level of food price inflation compared to general inflation, agricultural production capacity or political instability caused by the crisis, as in Haiti, Bangladesh or Egypt.

What form should the funding take?

MEPs clarified the Commission proposal by specifying that funds should spend as project or programme support, as budget aid (i.e. direct transfers to the national budgets of beneficiary countries) or as contributions to international or regional organisations.

Budgetary doubts remain

The Commission's proposal suggested taking the funds directly into heading 2 ("natural resources") of the EU budget without transferring them into heading 4 ("EU as a global actor", i.e. external action). The Development Committee does not agree with the approach backed the Budgets Committee's proposal that the funds should be transferred to heading 4 before they are disbursed.

The final steps to release the funds will be taken during the annual budgetary conciliation meeting, planned for 21 November, between Parliament and the Council, which aims to iron out the differences between the two arms of the EU budgetary authority in order to finalise the 2009 budget.

N.B. :

**Procedure: Co-decision, first reading -- Committee vote: 1 vote against, otherwise all in favour --
Plenary votes: December I, Brussels**

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