United Kingdom: Wheatley secures £185M in landmark – EU deal to build and improve homes

Wheatley Group unveiled £185 million of new funding from the European Investment Bank (EIB) to help build and improve thousands of affordable homes across Scotland.

The landmark deal was announced in Glasgow by EIB Vice President Jonathan Taylor at a community event attended by Scotland's First Minister Nicola Sturgeon MSP and tenants, staff and apprentices from across Wheatley, along with local politicians and business, community and social housing leaders.

It takes the amount of funding raised by Wheatley in the past four years to £800M and comes in the week the group was confirmed – for the second year running – as the UK's largest builder of social-rented homes. Wheatley is progressing an ambitious building programme, from 2015 through to 2025, of 7500 affordable new homes from Balloch and Dumbarton through Glasgow, West Lothian and Edinburgh to North Berwick.

The EIB loan, by far the largest of its type made in Scotland, is linked to a commitment by Wheatley to invest £400M over the next three years in affordable housing. This also includes refurbishing existing homes to meet new Scottish and EU energy-efficiency standards, helping tenants cut energy bills, and housing and integrating refugees into Wheatley communities.

Wheatley Chair Alastair MacNish said: "This loan is fantastic news for people and families across Scotland and is a huge vote of confidence in Wheatley and our unyielding commitment to affordable housing.

"It will help us to consolidate our position as the UK's largest builder of social-rented homes, which we hold close as a badge of honour at a time when the availability and supply of affordable housing is such an acute priority."

Speaking at the funding announcement at the Reidvale Neighbourhood Centre in Gallowgate, Glasgow, where GHA, part of Wheatley Group, is building 143 homes, Jonathan Taylor, EIB Vice President, said:

"New investment in social housing is crucial to increase the number of affordable homes and cut heating bills in existing properties. The European Investment Bank supports social housing investment with leading housing associations across Europe and is pleased to back transformational investment here in Scotland by Wheatley, the largest housing association in Scotland and the largest builder of new social housing in the UK.

"This week's visit to Glasgow provides a valuable opportunity to see how upgrading existing properties and construction of new social housing will improve lives, create skilled jobs, benefit local suppliers and cut heating bills in homes for hundreds of families."

Wheatley has completed almost 1900 homes over the last three years and is building or planning up to 3000 more on 60 sites across Scotland. The new £185M EIB loan, along with future investments, will enable Wheatley to maintain a building programme of around 650 homes a year from 2021 to early 2025.

First Minister Nicola Sturgeon said:

"Ensuring people have access to quality housing is a fundamental part of building a fair and equal society. That is why we have committed to deliver at least 50,000 new affordable homes in the five years to 2021.

"Wheatley Group is vital in helping us achieve that, having delivered almost 1,900 new affordable homes across Scotland over the past three years and the additional funding from the European Investment Bank will help them build on this. It is also another reminder of how Scotland benefits from the EU and its institutions."

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Wheatley Chief Executive Martin Armstrong said: "The EIB loan enables us to expand our ambitious building programme further in support of Scottish Government's More Homes Scotland agenda.

"But it is about so much more than simply bricks and mortar. Wheatley's mission is to make lives, not just homes, better. This wonderful investment by EIB will enable us to do just that."

Over the last decade, the European Investment Bank has provided more than £4 billion for transport, education, social housing, transport, water, energy, urban regeneration and new hospital investment across the Scotland, with additional investment from UK wide programmes.

State aid: Commission opens in-depth investigation into tax exemptions for companies in the Madeira Free Zone

In particular, the Commission has concerns that tax exemptions granted by Portugal to companies established in the Madeira Free Zone are not in line

with the Commission decisions and EU State aid rules.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: "*Our regional aid rules are particularly flexible when it comes to supporting the EU's outermost regions, including Madeira. Under these rules, fiscal aid can only be granted if it contributes to the creation of real economic activity and jobs in the assisted region. We will now investigate whether the Zona Franca Madeira fiscal aid scheme approved by the Commission in the past has been applied correctly by Portugal*."

The Madeira Free Zone

The Madeira Free Zone (*Zona Franca da Madeira, "ZFM")* was created by Portugal in 1987 to support economic development in its outermost region Madeira. The ZFM's objective is to attract investment to and create jobs in Madeira.

In this context, Portugal put in place a regional aid scheme providing support to companies establishing themselves in the ZFM through:

- corporate income tax reductions on profits resulting from activities performed in Madeira; and
- other tax reductions, such as an exemption from municipal and local taxes, as well as exemption from transfer tax payable on real estate for setting up a business in the ZFM.

The Commission approved successive versions of the ZFM regional aid scheme under EU State aid rules on several occasions between 1987 and 2014.

EU State aid rules provide ample scope for Member States to support the economic development of outermost regions, such as Madeira, and to address the structural challenges of companies active in such regions.

At the same time, in order for such measures to be fit for purpose, State aid must be granted exclusively to companies generating economic activity and real jobs in the outermost regions. That is why under the approved ZFM regional aid scheme, the amount of aid granted to companies through corporate income tax reductions or other tax reductions is linked to the number of jobs that they create in Madeira.

The Commission's investigation

As part of its standard monitoring of the implementation of State aid decisions, the Commission has carried out a preliminary assessment of how Portugal applied the ZFM aid scheme until its expiry at the end of 2014, taking into account the framework of the 2007 and 2013 Commission decisions approving the scheme.

At this stage, the Commission has concerns that the Portuguese authorities may have failed to respect some of the basic conditions under the 2007 and 2013 decisions. In particular, the Commission has doubts that Portugal complied with the requirements that:

- the company profits benefitting from the income tax reductions originated exclusively from activities carried out in Madeira; and
- the beneficiary companies actually created and maintained jobs in Madeira.

The Commission will now investigate further to find out whether its initial concerns are confirmed. The opening of an in-depth investigation gives Portugal and interested third parties an opportunity to submit comments. It does not prejudge the outcome of the investigation.

Background

Each year, the Commission selects a number of State aid measures in order to monitor whether Member States implement them in compliance with EU State aid rules. In this context, the Commission asked Portugal for information on the implementation of the ZFM scheme in 2012 and 2013.

The scheme in question expired at the end of 2014. Portugal has informed the Commission that, since 2015, it has implemented a similar aid scheme on the basis of the 2014 General Block Exemption Regulation (GBER). Under this Regulation, Member States can implement regional operating aid schemes for companies established in outermost regions, without notification and approval by the Commission, as long as certain conditions are respected.

Article 349 of the Treaty on the Functioning of the European Union acknowledges the special characteristics of the outermost regions and affords them a special status. All outermost regions, including Madeira, have been granted special regional aid status to help address their specific handicaps – remoteness, insularity, small size, difficult topography and climate, economic dependence on few products.

In recognition of the serious nature of the structural disadvantages that the companies located in these regions face, the Commission has established specific State aid rules for the outermost regions, within both the Regional Aid Guidelines and the GBER.

In particular, these regions are all automatically considered assisted areas where the economic situation is extremely unfavourable in relation to the rest of the European Union as a whole. Due to this status, all companies with economic activity in these areas may benefit from additional bonuses of up to 20% on top of the normal regional investment aid ceilings. Additionally, Member States can provide operating aid to companies located in these regions to compensate them for the additional costs they are facing in these remote regions.

The non-confidential version of the decision will be made available under the case number SA.21259 in the State aid register on the Commission's competition website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

Annual accounts 2017

About the EMCDDA

The European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) is the reference point on drugs and drug addiction information in Europe. Inaugurated in Lisbon in 1995, it is one of the EU's decentralised agencies. Read more >>

Russia: EU prolongs economic sanctions by six months

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The EU sanctions in response to the crisis in Ukraine explained

On 5 July 2018, the Council prolonged economic sanctions targeting specific sectors of the Russian economy until **31 January 2019**.

This decision follows an update from President Macron and Chancellor Merkel to the European Council of 28-29 June 2018 on the state of **implementation of the Minsk agreements**, to which the sanctions are linked.

The Council adopted this decision today by written procedure and, in line with the rule for all such decisions, **unanimously**.

The measures target the **financial, energy and defence sectors, and the area of dual-use goods**. They were originally introduced on 31 July 2014 for one year in response to Russia's actions destabilising the situation in Ukraine and strengthened in September 2014.

The economic sanctions prolonged by this decision include:

- limiting access to EU primary and secondary capital markets for 5 major Russian majority state-owned financial institutions and their majority-owned subsidiaries established outside of the EU, as well as three major

Russian energy and three defence companies;
- imposing an export and import ban on trade in arms;
- establishing an export ban for dual-use goods for military use or military end users in Russia;
- curtailing Russian access to certain sensitive technologies and services that can be used for oil production and exploration.

In addition to these economic sanctions, several EU measures are also in place in response to the crisis in Ukraine including:

- targeted individual restrictive measures, namely a visa ban and an asset freeze, currently against 155 people and 38 entities until 15 September 2018;
- restrictive measures in response to the illegal annexation of Crimea and Sevastopol, limited to the territory of Crimea and Sevastopol, currently in place until 23 June 2019.

The duration of the sanctions was linked to the complete implementation of the Minsk agreements by the European Council on 19 March 2015, which was foreseen to take place by 31 December 2015. Since this did not happen, the sanctions have remained in place.

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Action against stolen Italian artefacts

The Hague, 05 July 2018

In the early hours of yesterday morning, arrests and searches took place in Italy, Germany, Spain and the UK against an international organised crime group (OCG) accused of trafficking in archaeological artefacts taken from illegal excavations in central Sicily.

The artefacts were illegally exported to Germany by couriers and smugglers working for the OCG. Once in Germany, the items were provided with false certificates of origin and placed on the legitimate art market, using auction houses operating in Munich as distribution channels.

The investigation was headed, since 2014, by the Public Prosecution Office of Caltanissetta, Italy. Arrest warrants were issued by an Italian judge against 28 suspects: 25 in Italy and one each in Germany, Spain and the UK. Italian officers, members of the Carabinieri Cultural Heritage Unit, were present during the action, and searches were carried out in all four Member States. At present, more than 25 000 artefacts have been seized, with a value estimated at EUR 40 million.

Europol’s analysts were involved in cross-matching evidence, both in advance and on the action day. Eurojust’s assistance was crucial in coordinating the execution of the arrests and searches in the four Member States on the action day.