

Overcoming cross border obstacles to boost growth in EU border regions

See also [IP/17/3270](#)

In line with the objectives for [Better Regulation](#) and a [deeper and fairer internal market](#), the Commission is issuing a communication on “Boosting growth and cohesion in EU border regions”, with a set of new concrete actions and a list of ongoing initiatives to develop further, to help EU border regions grow faster and ever closer.

The issues at stake:

Border regions represent 40% of the EU territory. While over a quarter of Europe’s GDP is produced in its border regions, their full economic potential remains untapped.

In 2015, the Commission launched a review of cross border obstacles across the EU, which identified [239 specific cases](#) of obstacles of administrative and legal nature. These are invisible yet real bottlenecks for those 150 million citizens living in EU border regions. The review established three main categories of obstacles:

Getting a job across the border: having one’s skills and competences fully recognised, accessing job vacancies, securing full social security coverage: there is still room for improvement in these areas. In the context of the review, citizens and businesses have asked for better access to reliable information about rules and available services on the other side of the border.

Doing business across the border: a company doing business across the border spends 60% more than businesses operating domestically to carry out key procedures mainly because of additional translation and certification costs.

Using public services: different procedures for reimbursement of medical services, different fares and lack of connections between public transport systems, language barriers – using public services in border regions is not always a smooth part of one’s daily routine like in other EU regions.

The overall aim of this communication is to stimulate dialogue on cross border issues between Member States and regions and help them, upon request, deepen their cooperation. The Commission will make good practices available and provide expert advice with the creation of a hub of Commission experts, **the Border Focal Point**, and the selection of up to **20 projects offering innovative solutions** to deal with cross border issues.

In addition, in the context of the ongoing reflection of [the future of EU finances](#), this Communication provides food for thoughts in the shaping of **the next generation of cross border cooperation (“[interreg](#)”) programmes.**

The Border Focal Point

The new Border Focal Point is comprised of Commission experts in cross border issues. Experts will interact with Member States, regional and local authorities and businesses via **a new online network**, hosted on the Commission [Futurium](#) IT-platform.

Via this network, which will be operational as of January 2018, they will gather and share good practices on smooth cooperation and offer tailored support to overcome specific cases of cross border obstacles.

- **Getting a job across the border**

The new Border Focal Point will identify good practices in the field of cross border employment services, such as the partnership developed between the Spanish region of Galicia and the Portuguese Norte region.

Regions looking to deepen their cooperation can get advice on mutual recognition of qualifications, joint study programmes or coaching services for entrepreneurs.

Where differences in rules and procedures cannot be overcome, the Border Focal Point can provide good practices on how to best give citizens reliable and understandable information on different tax or social security regimes, for example.

Good practices gathered via the Border Focal Point in this area can contribute to the setting-up of the future [European Labour Authority](#) announced by President Juncker in the [2017 State of the Union](#) address, in order to strengthen cooperation between labour market authorities at all levels better manage cross-border situations.

The future authority will strengthen administrative cooperation in the single market, pool existing tools for cross-border mobility to provide a one-stop shop for citizens, business and public authorities, fight abuse of labour and social legislation, organise joint cross-border control activities and build on existing agencies and structures to manage better cross-border and joint activities.

- **Doing business across the border**

In line with the wider Commission effort to upgrade business environment in Europe, especially via the third pillar of the [Juncker Plan](#), the Border Focal Point aims to stimulate dialogue and cooperation among border regions on removing barriers to investments.

Experts from the Border Focal Point will get in touch with regional authorities and businesses via the online network. Upon request they will provide support for a greater alignment of rules for setting up businesses, share good practices from other border regions (coaching and training services, projects promoting bilingualism, platforms for job vacancies across the border) and promote an increased use of online procedures.

In this respect, the Border Focal Point will inform stakeholders about Commission initiatives that will benefit companies looking to do business on the other side of the border:

[A Single Digital Gateway](#) will help people and companies have easier access to reliable information, online administrative procedures and assistance services. Any procedure currently available online for domestic users will be accessible to users from other Member States and in one additional EU language. 13 key administrative procedures will be made available online, including on setting up a business.

Moreover, citizens and businesses having problems in a cross border situation because of the wrong application of EU law by a public authority, should be informed and signposted to [SOLVIT](#) if appropriate. SOLVIT is a network that helps companies and businesses solve problems in the single market.

Finally, in January 2017, as part of a wider [service economy](#) package, the Commission proposed a **new European Services e-card**; a simplified online procedure that would make it easier for providers of business services (engineering firms, IT consultants...) and construction services to complete the administrative formalities required to provide services abroad.

The organisation of services is a competence that lies at national, regional and local level. The Border Focal Point will make good practices available and provide expert advice on setting up efficient cross border services.

Such good practices include, in the field of transport, the cross border agglomeration of Strasbourg-Kehl on the Franco-German border. A tramline was developed to link the two cities, as well as a common tariff zone for cross border transit only; read more about it here. In the field of health care, an [agreement](#) establishing 7 organised cross border health care zones on the Franco-Belgian border was signed between the two countries. It benefitted over 20,000 patients who have received health care closer to their residence in the neighbouring country.

In addition, the Border Focal Point will **map existing cross border healthcare facilities and services** across the EU and share this study with stakeholders. The Border Focal Point will also map and share **a study of missing railway links** along EU internal borders. Both studies will be made available by the end of 2018.

Call for innovative projects

By the end of 2017, the Commission will launch a call which will select **up to 20 projects** putting forward innovative solutions to cross border issues. The overall budget of the call is €600,000 from the [European Regional Development Fund](#) (ERDF). These innovative projects should be easily replicable in other EU border regions.

The Future of Interreg

Established in 1990, Interreg has become a key instrument for cross border cooperation under the EU cohesion policy. Interreg helps partners on both

sides of a border find joint solutions to common challenges in the field of health, research and education, transport or the use of sustainable resources.

In the funding period 2014-2020, over €6 billion from the ERDF will be invested along European internal borders.

This communication, as well as feedbacks gathered via the Border Focal Point and lessons drawn from the implementation of the selected innovative projects, will fuel the reflection on **the next generation of Interreg programmes for the period post 2020**.

The communication already sets up a few discussion points:

- Ensuring EU funding is available to tackle institutional, legal or administrative cross border issues
- Introducing the possibility of financing missing transport links or joint public services
- Including institution-building elements in funding programmes and taking into account identified obstacles

[EU strengthens its Syria crisis response through additional funding to UNICEF](#)

The additional EU funding was signed today by EU Commissioner Johannes Hahn and UNICEF Executive Director Anthony Lake. This latest contribution brings the total funding from the EU Trust Fund for UNICEF's work on the Syria crisis response to nearly €200 million.

As families around the world prepare for the return to school, the European Union (EU) has renewed its commitment to get children affected by the war in Syria into education. This €90 million support is provided by the EU Regional Trust Fund in Response to the Syrian Crisis and will enable UNICEF to provide critical education and protection services to Syrian refugee and host community children in Jordan, Lebanon and Turkey, so that they can attend school and learn.

"I cannot stress enough the importance of promoting and providing access to quality education for children and young people in all countries affected by the Syrian crisis", said Johannes Hahn, EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations during the signing ceremony. "This is about creating hope, and doing what we can to ensure there is no 'lost generation'. Thanks to our EU-UNICEF cooperation children in Jordan, Lebanon and Turkey are able to go to school and have access to safe

spaces for non-formal education, protection and psycho-social care”.

With the conflict now in its seventh year, around 2 million children from Syria live as refugees in Jordan, Lebanon and Turkey, adding pressure on already stretched host communities and their administrations.

In line with commitments made in donor conferences for Syria over the past six years, most recently the Brussels Conference in April 2017, the EU and UNICEF are investing in the future of Syria and the region: their children.

Background

Since its establishment in December 2014, an increasing share of the EU’s resilience support to help countries neighbouring Syria is provided through the [EU Regional Trust Fund in Response to the Syrian crisis](#). The Trust Fund reinforces the integrated EU aid response to the crisis. It primarily addresses longer term resilience and early recovery needs of Syrian refugees and overstretched host communities and their administrations in Jordan, Lebanon, Turkey and Iraq. An important added value of the EU Trust Fund is its support for both refugee and host communities affected by this protracted crisis.

The current overall volume of the EU Trust Fund is €1.3 billion, with contributions from 22 Member States, the EU and Turkey. A total of €1 billion has been allocated to concrete assistance programmes for refugees and host communities in the region. These programmes support basic education and child protection, training and higher education, better access to healthcare, improved water and waste-water infrastructure, as well as support to resilience, economic opportunities and social inclusion.

For More Information

[EU Regional Trust Fund in Response to the Syrian Crisis](#)

[Factsheet: EU Regional Trust Fund in Response to the Syrian Crisis](#)

Daily News 19 / 09 / 2017

State of the Union 2017: Commission scales up its response to cyber-attacks and proposes a framework for the free flow of non-personal data in the EU

The European Commission and the High Representative are proposing today a [wide-ranging set of measures to step up the EU’s cybersecurity capacity](#), including tools to ensure that Europe is better equipped to deal with cyber-attacks. As well as a proposal for a strong EU Cybersecurity Agency, the European Commission and the High Representative are proposing a new European certification scheme that will ensure that products and services in the

digital world are cyber secure, as well as measures to combat fraud and the counterfeiting of non-cash means of payment. On 13 September 2017, in his annual [State of the Union Address](#), President Jean-Claude **Juncker** stated: *“In the past three years, we have made progress in keeping Europeans safe online. But Europe is still not well equipped when it comes to cyber-attacks. This is why [...] the Commission is proposing new tools, including a European Cybersecurity Agency, to help defend us against such attacks.”* To unlock the full potential of the EU data economy, the Commission is additionally proposing [a new set of rules to govern the free flow of non-personal data in the EU](#). Together with the already existing rules for personal data, the new measures will enable the storage and processing of non-personal data across the Union to boost the competitiveness of European businesses and to modernise public services in an effective EU single market for data services. Details on the cybersecurity initiatives are available in the [press release](#), [questions and answers](#), an [overview factsheet](#) as well as the factsheets on [the European Union Cybersecurity Agency](#) and on [non-cash payment fraud](#). Further information on the free flow of non-personal data can be found in the [press release](#), [questions and answers](#) and [factsheet](#). Watch the press conference live on [EBS](#). (For more information: Nathalie Vandystadt – Tel. +32 229 67083; Natasha Bertaud – Tel.: +32 229 67456; Tove Ernst – Tel.: +32 229 86764; Maja Kocijancic – Tel.: +32 229 86570; Johannes Bahrke – Tel.: +32 229 58615)

European Union signs €200 million assistance programme with Jordan

Jordan will receive further [Macro-Financial Assistance \(MFA\) from the European Union](#). Pierre **Moscovici**, Commissioner for Economic and Financial Affairs, Taxation and Customs, on behalf of the EU, has signed the agreement for a second [Macro-Financial Assistance \(MFA\) programme with Jordan](#), worth €200 million. This macro-financial assistance is the second programme Jordan receives following [€180 million approved in 2013 and fully disbursed in 2015](#). It is part of the EU’s comprehensive effort to help Jordan mitigate the economic and social impact from regional conflicts and the presence of a large number of Syrian refugees, as confirmed during the [Brussels Conference on Supporting the Future of Syria and the Region in April 2017](#) and the [EU-Jordan Association Council](#) in July 2017. The €200 million programme, in the form of medium-term loans at favourable financing conditions, will help Jordan cover its external financing needs in 2017 and 2018, support reform measures in the areas of public finance management and taxation, promote investments and exports, strengthen the country’s social safety net, and foster job creation. Commissioner **Moscovici** said: *“Jordan’s economy and public finances have been strongly affected by the war in Syria and the protracted refugee crisis. The European Union stands by Jordan in these very difficult times. The agreement signed today provides further important support for Jordan’s efforts to preserve macroeconomic stability and reform its economy.”* (For more information: Annika Breidthardt – Tel.: +32 229 56153; Juliana Dahl – Tel.: +32 229 59914)

As a joint initiative with the EU, International Alliance for Torture-Free Trade is launched

The International Alliance for Torture-Free Trade was launched on Monday during the United Nations General Assembly ministerial week in New York. The initiative – a joint effort by the European Union, Argentina and Mongolia, with a total of 58 participating countries – aims to stop the trade in goods used to carry out the death penalty and commit torture. *“These products serve no other purpose than inflicting terrible pain and killing people. Now we are taking concrete action to shut down this despicable trade. I am thrilled that so many countries around the globe have signed up to the joint Declaration and joined this Alliance. By standing together, we demonstrate that we will not tolerate this trade any longer,”* said Commissioner for Trade Cecilia **Malmström**. More information [here](#) and at <http://torturefreetrade.org> (For more information: Daniel Rosário – Tel.: + 32 229 56185; Kinga Malinowska- Tel.: +32 229 51383; Maja Kocijancic – Tel.: +32 229 86570; Esther Osorio – Tel.: +32 229 62076)

EU at UN General Assembly: Full day of activities

On the first full day of events and bilateral meetings at the 72nd UN General Assembly ministerial week on Monday in New York, First Vice-President **Timmermans** addressed the World Economic Forum Sustainable Development Impact Summit, highlighting the importance of education, as well as the [high-level launch event of the Equal Pay International Coalition](#), where he underlined the need of empowering women through education and ensuring undifferentiated treatment of girls and boys from birth. He further had an [interactive discussion on democracy and media at Columbia University](#). High Representative/Vice-President Federica **Mogherini** took part in the ministerial meeting of the like-minded group on Syria, hosted by US Secretary of State Rex Tillerson. She also attended a high level meeting on the G5 Sahel, organised by UN Secretary General Antonio Guterres, and [spoke at the Ad-hoc Liaison Committee for Palestine](#) together with Commissioner Johannes **Hahn**. She chaired an [informal meeting of EU Foreign Ministers](#) who were joined by the UN Special Representative of the Secretary General for Libya Ghassan Salamé; Commissioner Hahn also participated. Commissioner Neven **Mimica** hosted a meeting of the Scaling up Nutrition Movement Lead Group and addressed the UN Private Sector Forum 2017 on the financing of the 2030 Agenda. Commissioner Chrystos **Stylianides** delivered a [speech on Hurricane Irma](#) and spoke at an event on [Rebuilding Shattered Lives and Communities: Chibok and Yazidi Girls and Women](#), where he pointed out that women and girls are the most vulnerable people in conflicts and crises. As the leader of the global initiative on gender-based violence protection, the EU is dedicating more than €200 million per year in humanitarian aid to related healthcare. Commissioner Dimitris **Avramopoulos** underlined the important need for a global approach on cybersecurity at a high-level event on [the role and responsibilities of private actors in strengthening the stability and international security of cyberspace](#). The EU's agenda at #UNGA on Tuesday will be dominated by further multilateral and a high number of bilateral meetings as well as the annual EU event, this year dedicated to the [Erasmus programme](#). (For more information: Maja Kocijancic – Tel.: +32 229 86570; Esther Osorio – Tel.: +32 229 62076)

Agriculture: la Commission fournit un soutien financier aux éleveurs polonais

de porcs touchés par la peste porcine africaine

La Commission européenne fournira €9,3 millions de fonds européens pour venir en aide aux éleveurs polonais de porcs qui pourraient être amenés à arrêter leur production dans le contexte de la peste porcine africaine. La [décision de la Commission](#) concerne plus précisément les agriculteurs polonais qui ont au maximum 50 porcs et/ou porcelets et qui sont situés dans des zones à haut risque pour cette maladie, qui est la plus contagieuse qui soit pour les cochons. La peste porcine africaine est présente dans la région frontalière de l'est de l'UE depuis 2014. Afin de contrôler la maladie et d'éviter l'apparition de nouveaux foyers, des restrictions sanitaires strictes ont été mises en place au niveau européen. Les autorités polonaises ont introduit des exigences supplémentaires dans les zones les plus à risques. Les éleveurs devront envoyer une demande pour l'aide européenne, qui sera versée d'ici 12 mois à partir d'aujourd'hui. Le soutien financier pour les agriculteurs polonais provient du budget de la Politique Agricole Commune (PAC) et tombe sous le champ d'application de [l'organisation commune des marchés agricoles](#). Ces règles autorisent la Commission à proposer des mesures temporaires de soutien (pour une durée maximum de 12 mois) à n'importe quel secteur agricole qui serait dans une situation à même de causer " une détérioration rapide de la production et des conditions de marché". C'est la première fois que ces dispositions sont mises en œuvre depuis l'adoption de la réforme de la PAC en 2013. Plus d'informations sont disponibles [en ligne](#). (Pour plus d'informations: Daniel Rosario – Tel.: +32 229 56185; Clémence Robin – Tel: +32 229 52509)

State aid: Commission approves alternative to divestment commitment for Royal Bank of Scotland

The European Commission has approved under EU State aid rules the alternative package proposed by the UK authorities to replace the commitment for Royal Bank of Scotland (RBS) to divest Williams & Glyn. Today's decision follows the agreement in principle reached [on 26 July 2017](#) between Commissioner Vestager and the UK Government. The commitment to divest Williams & Glyn was made by the UK authorities as part of RBS's restructuring plan submitted [in 2009](#) and amended [in 2014](#), to remedy competition concerns in the concentrated UK SME banking sector, where RBS is the leading bank. During the Commission's [in-depth investigation](#), the UK authorities proposed amendments to their original package to take into account some of the comments made by interested parties on the package. The Commission's investigation concluded that the improved package is sufficient to replace the divestment commitment and will increase competition in the UK SME banking market. A full press release is available online in [EN](#), [FR](#) and [DE](#). (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Yizhou Ren – Tel.: +32 229 94889)

State aid: Commission approves Belgium's and France's plan to convert their Dexia preference shares into ordinary shares

The European Commission has approved under EU State aid rules a plan notified by Belgium and France to convert their existing preference shares of Dexia into ordinary shares. Dexia is a bank in liquidation since 2012, and is exiting the market and not competing for new business. It is however still

subject to regulatory capital requirements. The objective of this conversion is to enable Dexia to comply with the request from the European Central Bank to maintain Dexia's capital ratios above their regulatory thresholds, as the preference shares will lose their Common Equity Tier 1 status on 1 January 2018. In 2012, [Belgium and France provided significant state support](#) for the liquidation of the Dexia group, with full burden-sharing of existing ordinary shareholders to limit the amount of State aid. The preferential shares served to ensure that the two States were repaid before the existing ordinary shareholders, in case the liquidation would result in a profit. The Commission found that the conversion plan incorporates elements such as new preferential rights for Belgium and France and a dilution of ordinary shareholders. This will ensure that future wind down proceeds will still in the first place go to the two States and preserve the full burden sharing of ordinary shareholders. In particular, the conversion plan sufficiently ensures there is no undue benefit to ordinary shareholders at the expense of taxpayers. On this basis, the Commission has approved this conversion plan under EU State aid rules. More information will be available on the Commission's [competition](#) website, in the [public case register](#), under the case number SA.49039. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Yizhou Ren – Tel.: +32 229 94889)*

Mergers: Commission clears joint venture by Aunde and Bader in the automotive sector

The European Commission has approved, under the EU Merger Regulation, the creation of a joint venture by AUNDE Achter & Ebels GmbH, part of the Aunde Group ("Aunde") and Bader Holding GmbH, part of the Bader Group ("Bader"), both of Germany. Aunde designs, manufactures and supplies yarns, technical textiles, seat covers, technical springs, complete seats, foam parts, interior and composite components for original equipment manufacturers in the automotive sector under the Aunde, Isringhausen and Fehrer brands. Bader produces leather that can be used for seat covers and other interior part of a vehicle. The joint venture will manufacture and supply textile and/or leather seat covers for passenger cars and light commercial vehicles to original equipment manufacturers, primarily in the European Economic Area (EEA). The Commission concluded that the proposed acquisition would raise no competition concerns given the limited activities of the joint venture in the EEA. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8559](#). *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)*

Mergers: Commission clears acquisition over logistic assets of Logikor by CIC

The European Commission has approved, under the EU Merger Regulation, the indirect acquisition of sole control over companies and assets comprising the Logikor business ("Logikor") of the UK by China Investment Corporation ("CIC"). Logikor owns and operates logistics warehouse assets across the EU. CIC is a Chinese sovereign wealth fund established as a vehicle to diversify

China's foreign exchange holdings and seek maximum returns for the state within acceptable risk tolerance. The Commission concluded that the proposed acquisition would raise no competition concerns because of its limited impact on the market structure. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8554](#). (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)

Eurostat clarifies how to record energy performance contracts in national accounts

Eurostat, the [Statistical Office of the European Commission](#), has published today an updated guidance note on the recording of energy performance contracts (EPCs) in government accounts. The revised guidance note clarifies the accounting rules applied to the treatment of energy performance contracts. It note follows up on the work already undertaken by Eurostat to clarify the accounting rules for various types of public investment, including the [Guide to the Statistical Treatment of Public Private Partnerships](#) published last year. Marianne **Thyssen**, Commissioner for Employment, Social Affairs, Skills and Labour Mobility, and responsible for Eurostat, said: *"Europe needs investments. With this guidance we show how public authorities can invest in full respect of the principles of public accounting, now also in the energy sector. Facilitating investments in energy efficiency measures has also an important social function, as public buildings such as social housing facilities will benefit from it too."* Miguel **Arias Cañete**, Commissioner for Climate Action and Energy said: *"Energy efficiency first: from words to action. Thanks to the revised guidance published today, it will be easier for schools, hospitals, and other public buildings – which make up more than 10% of the overall EU building stock – to invest for the purpose of improving energy efficiency. Energy efficiency measures are also an important means to combat energy poverty, which this Commission aims at tackling at the roots."* Energy performance contracts in the public sector offer a practical solution to make public buildings and other public infrastructures more energy efficient, as the initial investment can be covered by a private partner and repaid by guaranteed energy savings. However, frequently this type of contract simultaneously contains elements of a rental, service, lease, purchase or loan agreement, making its recording complex. At the request of Member States, Eurostat has worked with National Statistical Institutes (NSIs) to reflect on the most appropriate recording of EPCs in government accounts, resulting in the guidance note published today. More information can be found in a [press release](#) and [memo](#) online. The guidance note is available to download [here](#). (For more information: Christian Wigand– Tel.: +32 229 62253; Sara Soumillon – Tel.: + 32 229 67094)

Eurostat: Juillet 2017 comparé à juin 2017: La production dans le secteur de la construction en hausse de 0,2% dans la zone euro, en hausse de 0,5% dans l'UE28

En juillet 2017 par rapport à juin 2017, la production dans le secteur de la construction, corrigée des variations saisonnières, a augmenté de 0,2% dans la zone euro (ZE19) et de 0,5% dans l'UE28, selon les premières estimations d'Eurostat, l'office statistique de l'Union européenne. En juin 2017, la production dans le secteur de la construction avait augmenté de 0,2% dans la zone euro et de 0,3% dans l'UE28. En juillet 2017 par rapport à juillet 2016, la production dans le secteur de la construction a progressé de 3,4% dans la zone euro et de 3,6% dans l'UE28. Un communiqué de presse Eurostat est à votre disposition [en ligne](#). (Pour plus d'informations: Lucia Caudet – Tel.: +32 229 56182; Maud Noyon – Tel.: +32 229 80379)

ANNOUNCEMENTS

Vice-President Šefčovič in Estonia for Energy Union Tour visit

From 19-21 September, Vice-President for Energy Union Maroš Šefčovič will be visiting Estonia for the second Energy Union Tour. During his visit, he will meet Estonian Prime Minister Jüri Ratas, Minister for the Environment Siim Kiisler, as well as Speaker of the Parliament Eiki Nestor and others. Their discussions will centre around the work of the Estonian Presidency of the Council of the EU related to the Energy Union, including the progress on a number of legislative proposals, such as those under the Commission's '[Clean Energy for All Europeans](#)' package. In addition, Vice-President Šefčovič will chair a joint session of energy and transport ministers during their [informal meeting](#) on 20-21 September. He will also attend a high-level conference on '[Europe's Future Electricity Market](#)', with the focus on the governance of the Energy Union. A meeting with energy industry leaders, an interactive discussion with students of the Tallinn University of Technology and the [Connecting Europe Conference](#) are also on the agenda of the Vice-President. Ahead of his visit, Vice-President Šefčovič said: *"I am confident that the Estonian Presidency will make a significant contribution to the progress of our legislative proposals in the area of clean energy that will enable us to deliver our Energy Union objectives. This is in line with the joint declaration by the Parliament, Council and Commission that highlighted the Energy Union and climate change policy as key priorities for 2017."* He added: *"I also congratulate Estonia on its recent publication of Climate Policy Guidelines for 2050, in which it commits to reducing greenhouse gas emissions by 80% and sets out the measures required to achieve this. Its efforts will help the EU as a whole reach its ambitious climate and energy targets"*. Upcoming dates and more information on the 2017 Energy Union tour are available [here](#). More information on the Energy Union is available [here](#). (For more information: Anca Paduraru – Tel.: +32 229 91269; Nicole Bockstaller – Tel.: +32 229 52589)

[Upcoming events](#) of the European Commission (ex-Top News)

[Eurostat clarifies how to record energy performance contracts in national accounts – Questions and Answers](#)

What is an energy performance contract (EPC) and why is it important?

An energy performance contract (EPC) is a contractual agreement between a private EPC contractor and government or other (private) entities. EPCs are part of the energy transition promoted by the EU Commission with a view to achieve better efficiency in energy use, resulting in possible substantial energy savings in a context of global external dependence of the EU for its energy supply. Governments, as owners of public buildings and other facilities, may be involved in EPCs and contribute to energy savings. Moreover EPCs can also contribute to investment which is a key factor fostering economic growth and job creation.

What is the European System of Accounts (ESA 2010)?

The European System of Accounts (ESA 2010) is a European accounting framework that allows a systematic and detailed description of the economy. The structure of ESA 2010 is consistent with the worldwide guidelines on national accounting set out in the [System of National Accounts\(2008 SNA\)](#). ESA2010 is a legal act (a Regulation [1]) which has been adopted by all Member States. The concepts and definitions of the fiscal indicators (deficit and debt) used in the [Excessive Deficit Procedure \(EDP\)](#) and for the purposes of the [Stability and Growth Pact \(SGP\)](#) are based on the European System of Accounts (ESA 2010).

How is investment recorded in the European System of Accounts (ESA 2010)?

In the European system of national accounts (ESA 2010) investment is recorded as [gross fixed capital formation \(GFCF\)](#), which constitutes expenditure and has an impact on the deficit or surplus of a Member States' budget in case it is recorded on government balance sheet.

It should be noted that, in all other accounting systems, investment is also accounted for as expenditure.

Why are EPCs important in the context of the Excessive Deficit Procedure?

The provision of infrastructure under EPC contracts could create expenditure for government at inception as well as liabilities or debt for a government. However, the expenditure and the related debt can be recorded either on or off government balance sheet, that is, either with or without a direct impact on government deficit and debt.

In case the asset installed or renewed is recorded on government balance

sheet, the entire expenditure is recorded for government at inception. This has a negative impact on government deficit or surplus and the government debt will be increased by the same amount.

In case the asset is recorded off government balance sheet, the impact on government deficit will be limited to the regular payments (the EPC fee, linked to the energy savings) undertaken by government to the EPC provider, which are spread over the duration of the contract. Moreover, no debt impact will be recorded at inception.

The possibility of off balance sheet recording can make the use of EPCs more attractive, allowing governments to invest in energy savings while complying with the debt and deficit thresholds established in the [Maastricht Treaty](#).

Under what conditions could an EPC be recorded off government balance sheet?

For an EPC to be recorded off government balance sheet, the EPC contractor must be considered as the economic owner of the assets installed, which means that it will have to be the entity incurring most of the risks and benefitting from most of the rewards related to the EPC contract.

The analysis has also to focus on, amongst other, issues such as the duration of the contract, the existence of factoring operation in the context of the EPC, whether government provides financing or other guarantees to the EPC provider and, more in general, on specific clauses that might distort the distribution of the risks and rewards in an EPC. In addition, it needs to be checked that the EPC contractor is, for statistical purposes, classified outside the general government sector. Eurostat and the EIB will issue in the next months a Guide on the statistical treatment of EPCs, to explain this in considerable detail.

Who decides on the classification of an asset built under the EPC contract?

The National Statistical Institute (NSI) of each Member State analyses EPC contracts and decides on their sector classification following the statistical rules provided by this Eurostat guidance note, which is based on general ESA10 rules.

What is Eurostat's role?

In case of doubt, NSIs may contact Eurostat for an "ex-ante advice", in cases when an operation in question has not yet taken place and for "ex-post advice" – in cases when there are doubts on the statistical treatment of the already recorded transactions. Eurostat provides an advice in the form of a letter to the Member State. The advice is then published in its entirety or in summarised form on Eurostat's website. Eurostat will obviously continue to provide bilateral advice in case of EPCs.

What is the main benefit of the Eurostat guidance note on EPCs for governments facing fiscal constraints but which still need to carry out energy savings in a way compatible with fiscal constraints?

Certain governments are withholding very much needed energy saving measures

in the context of EPCs, due to uncertainties as to whether their EPCs will be on or off government balance sheet and whether they will add or not to their Maastricht deficit and debt figures. This guidance note should allow public authorities to take an informed view ex-ante (i.e. early before the signature of the contract) on whether the EPC will be recorded on or off balance sheet of government. An improved understanding of statistical treatment issues should help taking an informed decision on whether entering into an EPC or not.

Following the publication of this Guidance note and the potential positive implications for EPCs, is it expected that the number of EPC with government will increase?

Although it is difficult to foresee what will be the impact of this Guidance note, some governments which were not signing EPCs due to their possible negative impact on public finance, might be expected now to do so or to make an increased use of such contracts.

When will this Guidance note come into effect?

The Guidance note is immediately applicable.

For more information:

[IP/17/3268](#)

[Press release: EU must cut emissions and also adapt to climate change, warn Auditors](#)

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