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EUROSTAT

Directorate D: Government Finance Statistics (GFS) and quality

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Greece

**Subject: Classification of entities guidance request
Hellenic Hydrocarbon Resources management SA (E.D.E.Y.)**

Reference: Your letter Γ1-611 of 11/05/2015

Dear Ms Stavropoulou,

Thank you for your letter requesting Eurostat's opinion on the sector classification of the Hellenic Hydrocarbon Resources management SA (E.D.E.Y.). In accordance with Council Regulation (EC) No 479/2009 article 10, paragraph 1, after examining your request, please find below Eurostat's view on the sectorization of the above-mentioned unit in the light of ESA 2010.

1. THE ACCOUNTING ISSUE FOR WHICH A CLARIFICATION IS REQUESTED

The issue to be analysed is the sector classification of Hellenic Hydrocarbon Resources management SA (E.D.E.Y.) an entity managing the rights of the State relating to prospection, exploration and exploitation of hydrocarbons.

Together with the request for advice, ELSTAT has provided a note with its analysis on this case concluding that the entity should be classified in the government sector in the framework of ESA 2010.

2. METHODOLOGICAL ANALYSIS

2.1. Accounting provisions

Institutional units and groupings of units are defined in ESA 2010 chapter 2. The market/non-market delineation and the market/non-market test are defined in ESA 2010 chapters 3 and 20 (20.19-20.31).

2.2. Description of the case

Background

The Hellenic Hydrocarbon Resources management SA (E.D.E.Y.) is a public limited company, owned 100% by the Greek State. The main purpose of the entity is to manage the rights of the State relating to prospection, exploration and exploitation of hydrocarbons. As a service to the Ministry of Environment, Energy and Climate Change, the entity is engaged in the granting of licences to prospect for hydrocarbons preparation, and in execution of tendering procedures, evaluation of proposals as well and monitoring of contracts. The provision of consultancy services as well as advice to the above Ministry is also within the scope of the E.D.E.Y.'s activities.

Eurostat's analysis

a) Institutional unit

On the basis of the information contained in the ELSTAT's letter, Eurostat understands that, following the Legal provisions, E.D.E.Y. is acting on behalf of the Greek State and manages exclusive State rights as regards prospection, exploration and exploitation of hydrocarbons. In this respect, as regards its principle function, the unit is not deemed to own goods and assets in its own right; it is not able to exchange the ownership of goods and assets in transactions with other institutional units and does not exhibit ability to take economic decisions.

The unit provides services to the Ministry of Environment, Energy and Climate Change by doing the preparatory work for tendering of contracts to research and exploit hydrocarbons, the entity however is not taking the final decision, as the contracts are submitted for signature and approval of the Minister for the Environment, Energy and Climate change. One of the sources of the E.D.E.Y.'s revenue, as defined in article 147 of the Law 4001/2011, is the sums collected for granting the hydrocarbons exploration and exploitation rights. The unit can use these proceeds to cover its cost and has to transfer the remaining to the State. In addition, following Article 145 (5.) of the Law 4001/2011, the entity enjoys all the procedural and other benefits and payment exemptions of the Greek State. The entity is exempt of all taxes levied by central and local governments and any fees payable to the State of third parties, the only exception being VAT.

From the above we conclude E.D.E.Y. does not have decision-making autonomy and it does not fulfil the required criteria to be considered an institutional unit, as defined in the ESA2010 para 2.12.

b) Control

As indicated by the Greek statistical authorities in their analysis, EDEY should be considered as publicly controlled under ESA paragraphs 20.309.

3. CONCLUSION

In conclusion, E.D.E.Y. should not be considered an institutional unit and as the unit is controlled by Government it should be classified to the general government sector S.13.

4. PROCEDURE

This view of Eurostat is based on the information provided by the Greek authorities and on the understanding of Eurostat of certain legal documents available to Eurostat only in Greek. If this information turns out to be incomplete, or the implementation of the operation differs in some way from the information presented, or there may be inaccuracies in the assessment due to the translation risk, Eurostat reserves the right to reconsider its view.

In this context, we would like to remind you that Eurostat is committed to adopt a fully transparent framework for its decisions on debt and deficit matters in line with Council Regulation 479/2009 and the note on ex-ante advice. Eurostat therefore publishes all official methodological advice (ex-ante and ex-post) given to Member States on its website.

Yours sincerely,

(e-Signed)

Eduardo Barredo Capelot
Director