

JILL EVANS ASE / MEP

Plaid Cymru - The Party of Wales

Dear Jocelyn,

Thank you for your question and I apologise for the delay in my response. I have not seen any papers, nor heard anything being discussed at EU level regarding the ability of regional governments to borrow or issue bonds. I have, therefore, made enquiries with financial advisors in the European Parliament as well as politicians from Catalonia. The European Commission cannot prevent regional governments from borrowing money and is thus unable to dictate to Member States whether or not they should be allowed to issue bonds to regional governments. Furthermore, the EU looks at the debt of a Member State as a whole, not in terms of regions.

The question of jointly issued bonds is currently being discussed in several EU countries. One such country is Spain. The Spanish government is debating whether or not to enable regional governments to issue bonds in cooperation with the central government. "Hispanobonos" as they are referred to in Spain, would be common bonds issued by the Autonomous Communities and backed by the Spanish Treasury. The idea behind the bonds is that regional governments are to be jointly liable for their debt (i.e. jointly issued bonds). These bonds will enable Spain's regions to tap the financial markets and allow them to meet the payment of their debts. The German government is also discussing the creation of "Deutschlandbonds", which would work in much the same way as "Hispanobonos". Furthermore, in Germany, the Länder (or states) already have the ability to issue bonds. "Länder Bonds" are issued by a number of federal states join together with one federal state acting as a paying agent in order to issue a bond with liability on a pro rata basis.

I hope this will assist you in your work.

Yours sincerely,



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