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Vice-President of the European Commission

Brussels,
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Dear Members of the European Parliament,

Thank you for your letter in which you express your concerns about the possible impact of the ongoing discussions in the Basel Committee on bank financing of infrastructure investments and call for an adjustment in the calibration of capital requirements for banks' exposures to this asset class.

The Commission very much shares your views on the importance of private sector financing of infrastructure investments and recognises the need to ensure that the availability of financing is not unduly hampered by prudential regulation.

As you rightly point out, the Commission has already taken action to boost infrastructure investments by reducing the Solvency II calibration of capital charges for insurance sector exposures to qualifying infrastructure projects and European long-term investment funds. Investors have responded positively to these incentives and have the potential to double their investment in infrastructure in coming years. The Commission will also present a proposal to provide similar incentives to infrastructure corporates in 2017.

As regards banking, the Commission is considering creating, as part of the forthcoming CRR/CRD review, a special asset class and the associated criteria for less risky bank lending to infrastructure projects which could benefit from reduced capital requirements. We share your view that it is important for capital requirements to properly reflect the risk characteristics of infrastructure projects.

In its role as observer, the Commission is defending this position in meetings of the Basel Committee. Any agreement that the Basel Committee may reach this year on these issues will be considered for implementation in the EU at a later stage. At that time, the Commission will again study the possible impact of any rule changes on financing and growth very closely, with the aim of ensuring that any implementation in the EU would be in the best interest of the European economy.

Yours sincerely,



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