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Mr Valdis Dombrovskis
Vice President
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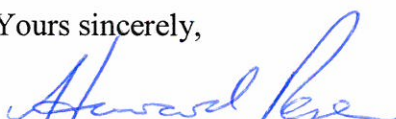
25th August 2016 /bl

Dear Vice President Dombrovskis,

Thank you for your letter of 19th August and I am most grateful for your detailed response. This shows that we share a commitment of encouraging investment, particularly from the private sector, into sustainable transport. We also share your view that bank lending must operate on a firm prudential footing. Our concern here is simply that, at a time when investment into rolling stock is potentially attractive to the private sector, we should not find the way blocked through a set of rules, suggested with the best of intentions, which do not take into account the inherent stability of rolling stock as an asset class (which will not be the same for other assets) and, when it applies, the additional security being given both to domestic and international rail finance transactions through the forthcoming Luxembourg Protocol. Moreover we feel that it is important for member states to know that by adopting the Protocol, this will genuinely lead to cheaper and more plentiful private sector funding, through secured credit and leasing, compared to the current position.

With the adoption of the 4th Railway Package, the European Union has made a tremendously important step in the right direction, preparing the ground for moving freight and transport from the roads to the rails. This will in turn lead to a significant and welcome increase in the requirement for capital investment not least in rolling stock. Surely the last thing we should do now is to create an unnecessary and unreasonable hurdle for the private sector investors we need to support these projects? Anything you can do to persuade BCBS to take a more sympathetic approach on secured financing in the rail sector would be much appreciated – and at the same time this will assist the Commission in pursuing its sustainable growth agenda for Europe.

Yours sincerely,



Howard Rosen
Chairman