

Dear Madam or Sir,

We, SID Bank Inc., a Slovene promotional bank, would like to express our praise to the initiative of EVP Vestager on trying to get competition rules to help sustainability policies work better in practice. Please find below a few of our suggestions, in order of importance and efficiency on as broad of a span as possible. Please also note that SID Bank Inc. has been working heavily to increase the number of green projects in Slovenia by introducing favourable sources of financing, among other things by both purchasing corporate green bonds as well as issuing green bonds. Please also note that our suggestions are referring to financial instruments only. SID Bank Inc. is not able to issue grants, so we are in no means an expert in this field. However, most of our financing comes under favourable terms for the end recipient and thereby also includes gross grant equivalent or state aid of any sort. Therefore, the following suggestions follow the needs of financial instruments setup.

1. First and foremost we feel that it is necessary, despite being outside the exact scope of DG Comp, that the most could have been done to expedite financing of green projects by adapting the Basel regulation and thereby CRR and CRD, whereby the credit rating of the end recipient could have been awarded some extra preference or gain beneficial rating if financing of a green project or a green end recipient is in question. This could greatly benefit the treatment of end recipients by all banks, especially by public promotional banks.
2. If however, such a drastic measure as described above would be too time-consuming if nothing else, European Commission could adopt a potentially “quick winner” measure by simply modifying the current Commission Communication on the revision of the method for setting the reference and discount rates (hereinafter referred to as: “reference rates”) and the Commission Notice on the application of Articles 87 and 88 of EC Treaty to State aid in the form of guarantees (hereinafter referred to as: “safe harbor rates”). The suggested modification would include a:
 - a. Unification of both tables of the reference rates and safe harbor rates, so that financial instruments are more easily comparable, there is one unified system of reporting, etc.
 - b. Extending the safe harbor rates to large companies. If nothing else at least for the green projects.
 - c. An addition to both documents that, whenever a green project is concerned, preferential reference and safe harbor rates may apply, meaning that if a company has a BB rating, one may apply (of his own volition) a better rating (BBB) if such a company is being financed to support a green project or if generally, a green etiquette may be assigned to such a company (i.e. the company outshines its peers in terms of its low carbon emission etc.)
 - d. Generally, the leap in reference rates for investment-grade companies compared to non-investment grade companies should be downgraded. At least when green projects are concerned. If Europe is serious in its green initiative, then we (all institutions concerned) should promote the “cleaning” of the most eco-unfriendly operations. And such are in more instances with companies with a lower credit rating. We should all try to make such circumstances that would help such companies make the decision to take their investments and operations a step further and taking them green. And with companies with a lower rating that is way more difficult than with investment-grade companies. At least make them more similar to what is available under the safe harbor rates.

Generally speaking, the aforementioned suggestions are not intended to revolutionize state aid. We suggest keeping the system as close to what it is today as possible, with some crucial improvements depicted above.

1. If nothing of the above sounds or seems feasible, then we would suggest amending current GBER and *de minimis* regulations by increasing the state aid intensity or/and state aid threshold for whenever green projects or end recipients having the green etiquette are being financed (i.e. by raising the bar on *de minimis* to at least 300.000 EUR for green).

In either case, we hope that you will find our suggestions useful and will, in any way, help you to mould new rules that will help boost the sustainability of Europe's economy in general. Either way, if you would require some more clarification, please note that we remain at your disposal.



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