

## **AECM response to Commission's consultation on the Temporary Crisis and Transition Framework (TCTF)**

The European Association of Guarantee Institutions (AECM) and its members welcome the Commission draft proposal to transform the State aid Temporary Crisis Framework into a Temporary Crisis and Transition Framework to facilitate and accelerate Europe's green transition.

We trust that a temporary crisis and transition framework allowing greater aid beyond the EU's current state aid rules will help to boost EU's industry competitiveness, foster clean technologies and renewable energy across the continent, enabling Europe's industry and economy to stay fit for the zero emission era.

In particular, we welcome Commission's proposal aimed at further simplifying the aid for renewable energy deployments by extending the provisions to all renewable technologies (under RED II), eliminating the need for open tenders for less mature technologies and extending deadlines to complete projects to 36 months, as we consider that these provisions represent a step in the right direction. The same goes for the aid for decarbonizing the industry as well as for production of strategic net-zero technologies, including the possibility of granting higher aid to match the aid received for similar projects by competitors located outside of the EU.

However, we want to point out that one of the key obstacles to benefitting from the TCTF is its strict conditions, notably in terms of financing period.

The proposed State aid provisions will apply until 2025 while US is operating on a 10-year timeframe. Given that the investments in renewable energy sector and production of strategic equipment necessary for the net-zero transition are large in scale and long in maturity, we advocate for flexibility until 2030.

Further, given the importance to incentivise undertakings investments in sectors strategic for the green transition, we invite the European Commission to consider increasing the maximum duration of guarantees to 15 years as the



current 8-years duration foreseen in recital (86) c does not reflect the long-term financing needs of undertakings.

In light of the above, AECM and its members would very much appreciate if the European Commission could take our requests into its kind consideration and assure that Guarantee institutions across Europe stand fully by their commitment to accelerate Europe's green transition.

Brussels, 7 February 2023

## About us

The 45 members of the **European Association of Guarantee Institutions (AECM)** are operating in 31 countries in Europe. They are either private / mutual sector guarantee schemes or public promotional institutions or banks. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure. By guaranteeing for these enterprises, guarantee institutions help to address this market failure and facilitate SMEs' access to finance. The broader social and economic impact of this activity includes the following:

- Job creation and preservation of jobs by guaranteed companies
- Innovation and competition: crowding-in of new ideas leading to healthy competition with established market participants
- Structure and risk diversification of the European economy
- Regional development since many rural projects are supported
- Counter-cyclical role during crises

SME guarantees generally pursue a long-term objective and our members, if public, private, mutual or with mixed ownership structure, have a promotional mission.

AECM's members operate with counter-guarantees from regional, national and European level. As of end-2021, AECM's members had about bEUR 312 of guarantee volume in portfolio, thereby granting guarantees to around 5.9 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU guarantees from the very beginning in 1998.

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