AECM request to improve the provisions of the Commission Regulation (EU) 2022/2472 of 14 December 2022 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (ABER)

Guarantee institutions play a significant role in facilitating access to finance for agricultural businesses of different sizes, from small family farms and individual farmers to medium-sized enterprises. These beneficiaries often face particular challenges in accessing bank financing due to the specific risk profile of the agricultural sector, volatile incomes, and exposure to climatic, market and sanitary risks.

Against this background, the European Association of Guarantee Institutions (AECM), together with its members, puts forward the following proposals to make the ABER more proportionate, effective and operational for agricultural undertakings, while ensuring that State aid rules remain appropriate and predictable.

In particular, AECM recommends:

1. Increasing the notification thresholds for investment aid

AECM recommends increasing the notification thresholds set out in Article 4 of the ABER, in particular for aid relating to investments by SMEs in primary agricultural production and in the processing and marketing of agricultural products, as well as for aid for investments concerning the relocation of farm buildings.

The current thresholds should be reassessed in light of the significant increase in prices and investment costs since the adoption of the ABER in December 2022. Their real value has been substantially eroded by inflation, while the cost of investments required to support the objectives of the Common Agricultural Policy (CAP) and the Union's broader competitiveness, environmental and climate objectives has increased considerably. Higher costs for equipment, construction, energy, digitalisation and environmental compliance mean that the existing thresholds can now be reached relatively easily, including by investment projects that remain proportionate in scale.

According to Eurostat's Harmonised Index of Consumer Prices (HICP), the annual average inflation rate for the all-items aggregate (COICOP CP00) at EU level was 9.2% in 2022, 6.4% in 2023, 2.6% in 2024 and 2.5% in 2025[1]. Compounded, these annual rates correspond to a cumulative increase in the general price level of approximately 22.19% over 2022–2025, with 16.19% already accumulated over 2022–2023.

The erosion of the real value of the thresholds occurred predominantly during the first two years following the adoption of the ABER, against the backdrop of the energy crisis and exceptionally high inflation. The subsequent decline in inflation does not, however, reverse

[1] https://ec.europa.eu/eurostat/statistics-explained/SEPDF/cache/4176.pdf?utm

the increase in the overall price level that has already taken place. Rather, inflation has gradually returned towards the ECB's 2% medium-term target[2].

Maintaining the notification thresholds established by Regulation (EU) 2022/2472 at their nominal December 2022 levels therefore results in a significant reduction in their real economic value. In practical terms, an investment project that would have remained comfortably below the applicable threshold in 2022 may, by 2025, approach or exceed that threshold solely as a result of higher prices for investment goods, materials, construction and labour, without any corresponding increase in the underlying scale or economic significance of the project.

This issue is particularly relevant where guarantees are used to facilitate financing for larger investment projects. Where the applicable notification threshold is exceeded, the aid may fall outside the scope of the ABER and require individual notification. This can generate additional administrative costs for public authorities and beneficiaries and, importantly, may delay access to finance for investments that are otherwise fully aligned with the objectives of the CAP and EU policy priorities.

AECM therefore considers that the notification thresholds applicable to investment aid should be updated to reflect current economic conditions and investment costs, while ensuring that the ABER remains proportionate and effective in facilitating investments by agricultural SMEs.

Against this background, AECM proposes a uniform 20% increase in the investment-related notification thresholds currently set out in Article 4 of Regulation (EU) 2022/2472. This adjustment would partially restore the real value of the thresholds following the substantial increase in the general price level since 2022, while remaining below the cumulative inflation increase of approximately 22.19% recorded over 2022–2025.

AECM therefore proposes the following revised thresholds:

Type of investment aid	**Current threshold**	**Proposed threshold (+20%)**
Investments in agricultural holdings linked to primary agricultural production (Article 14)	EUR 600.000	**EUR 720.000**
Investments concerning the relocation of a farm building resulting in modernisation of facilities or an increase in production capacity (Article 16(4))	EUR 600.000	**EUR 720.000**
Investments in connection with the processing and marketing of agricultural products (Article 17)	EUR 7.5 million	**EUR 9 million**

2. Revising the safe-harbour guarantee premiums

[2] https://www.ecb.europa.eu/mopo/strategy/pricestab/html/index.en.html?utm

Under Article 5 of the ABER, the Gross Grant Equivalent (GGE) of a guarantee may be calculated by comparing the premium actually paid by the beneficiary with the applicable safe-harbour premium established under the Commission's Guarantee Notice. The level of the safe-harbour premium therefore directly determines the amount of aid deemed to be embedded in the guarantee.

The safe-harbour premiums were originally established in 2008, in a financial and economic environment significantly different from that prevailing today. At that time, the ECB's main refinancing rate stood at 4.25%[3], while financing conditions in European markets were heavily affected by the financial crisis that emerged in 2008.

During that period, the deterioration of economic and financial conditions resulted in a significant increase in credit risk and a sharp rise in non-performing loans (NPLs). This prompted financial institutions and credit rating agencies to reassess the risk parameters used to calibrate rating classes for corporate and retail clients.

Since then, monetary and financing market conditions have evolved considerably. In particular, the overall risk environment has improved significantly compared with the period in which the original safe-harbour premiums were calibrated. Interest rates and financing conditions are substantially different from those prevailing in 2008, as illustrated in the table below.

Evolution of Financing and Credit-Risk Conditions in the Euro Area, 2008–2026

Indicator	**2008**	**2026**	**Change**	**% change**
ECB main refinancing operations rate[4]	4.25% (July)	2.40% (June)	−1.85 pp	−43.5%
Average interest rate on new loans to euro-area non-financial corporations[5]	6.03% (Sept.)	3.62% (April)	−2.41 pp	−40.0%

Against this background, AECM asks for a downward recalibration of the safe-harbour premiums following a comprehensive review of the underlying market parameters and empirical evidence. Maintaining parameters established almost two decades ago risks overstating the risk premium embedded in guarantee pricing and, consequently, the aid element of guarantees.

AECM members consider that current premiums, particularly those above 2% per annum, are generally too high for SMEs and may overstate the economic advantage conferred by guarantees. This can unnecessarily consume State aid ceilings, limit the volume of guarantee support available and reduce the effectiveness of guarantees compared with other forms of support. This concern is reinforced by the Commission's 2025 evaluation of the Guarantee

[3] https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.ro.html
[4] https://www.euribor-rates.eu/en/ecb-refinancing-rate/
[5] https://data.ecb.europa.eu/data/data-categories/financial-markets-and-interest-rates/bank-interest-rates/cost-borrowing-indicators/data?layerType=KL

Notice, which found that existing safe-harbour premiums may be too high for higher-risk SMEs and may not fully reflect changing market conditions[6].

AECM therefore calls for the safe-harbour premiums to be reassessed based on up-to-date market evidence and the actual risk characteristics of SME guarantee portfolios. In particular, premiums above 2% should be reviewed to ensure that they remain proportionate to the underlying risk and aligned with current market pricing, as follows:

Credit quality	***Standard & Poor's***	***Fitch***	***Moody's***	***Annual safe-harbour premium***	***Proposed annual safe-harbour premium***
Highest quality	AAA	AAA	Aaa	0,40%	0,40%
Very strong payment capacity	AA +	AA +	Aa 1	0,40%	0,40%
	AA	AA	Aa 2		
	AA –	AA –	Aa 3		
Strong payment capacity	A+	A+	A1	0,55%	0,55%
	A	A	A2		
	A–	A–	A3		
Adequate payment capacity	BBB +	BBB +	Baa 1	0,80%	0,80%
	BBB	BBB	Baa 2		
	BBB –	BBB –	Baa 3		
Payment capacity is vulnerable to adverse conditions	BB +	BB +	Ba 1	2,00%	1,60%
	BB	BB	Ba 2		
	BB -	BB -	Ba 3		
Payment capacity is likely to be impaired by adverse conditions	B+	B+	B 1	3,80%	2,50%
	B	B	B 2		
	B-	B-	B 3	6,30%	4%
Payment capacity is dependent upon sustained favourable conditions	CCC +	CCC +	Caa1	No safe-harbour annual premium can be provided	No safe-harbour annual premium can be provided
	CCC	CCC	Caa2		
	CCC –	CCC –	Caa3		
	CC	CC C			
In or near default	SD	DDD	Ca	No safe-harbour annual premium can be provided	No safe-harbour annual premium can be provided
	D	DD	C		
		D			

6 State aid rules for assessing State guarantees on loans – evaluation

Rating class	Actual 2008	Proposed	Change	% Change
B+ / B1	3,80%	**2,50%**	−1,30 pp	−34%
B / B2 / B− / B3	6,30%	**4,00%**	−2,30 pp	−37%
BB+ / BB / BB− (Ba1/2/3)	2,00%	**1,60%**	−0,40 pp	−20%

For natural persons, self-employed persons, individual enterprises, family enterprises and start-ups that do not prepare financial statements in a form that allows a standard rating to be determined, but for which each lending institution determines or assigns an internal rating, AECM proposes that the safe-harbour premium be determined on the basis of the rating class assigned by the lending institution, with the corresponding premium level applicable to that rating class. This approach takes into account the fact that each lending institution establishes its rating classes on the basis of historical risk parameters determined from its own portfolios.

For SMEs and start-ups that do not have a sufficient credit history and for which no relevant rating class can be determined or assigned, AECM proposes applying a safe-harbour premium of 2.50% per annum. This approach is based on the principle that a large proportion of SMEs, particularly small and medium-sized enterprises, have ratings falling within this rating class. This approach is based on the risk profile observed for a significant proportion of SMEs, including agricultural SMEs, and on the experience of financial institutions using internal rating methodologies. In particular, the B rating class is relevant in the context of the safe-harbour methodology, which currently associates this class with a 3.8% annual guarantee premium.

This solution would allow beneficiaries without a financial history to be treated in a more proportionate manner and in closer alignment with the actual practices of financial institutions, while avoiding their automatic classification into an excessively high-risk category.

In AECM's view, the methodology should be reviewed periodically in line with market developments, so that the safe-harbour levels remain reflective of prevailing market trends.

3. Recognising working capital as an eligible cost, where it is directly linked to an eligible investment or other eligible activity and is necessary for its effective implementation.

The current investment-oriented provisions of the ABER primarily focus on expenditure linked to tangible and intangible investments. However, in practice, an investment cannot always be implemented effectively without adequate working capital. This is particularly relevant in agriculture, where production cycles can be long and where significant time may elapse between the initial investment and the generation of corresponding revenues.

Agricultural SMEs may therefore face temporary liquidity needs arising directly from an eligible investment.

For example, an undertaking investing in new production equipment, modernisation of facilities, digital technologies or energy efficiency improvements may need additional working capital to cover:

- temporary increases in inventories;
- input and production costs during the implementation period;
- temporary cash-flow gaps resulting from the investment;
- costs associated with the ramp-up of new production capacity;
- other short-term financing needs directly resulting from the eligible investment.

In such cases, excluding working capital from the eligible cost can undermine the effectiveness of the investment support. The undertaking may have access to support for the investment itself but insufficient liquidity to implement and operationalise it.

This issue is particularly important for SMEs, which generally have more limited internal liquidity buffers and more constrained access to external finance.

AECM and its members therefore consider that the ABER should recognise the temporary working capital needs directly and demonstrably linked to an eligible investment or activity, rather than treating working capital as categorically excluded.

To avoid the creation of permanent operating aid or overcompensation, AECM proposes that working capital should qualify only where:

- it is directly linked to an eligible investment or activity;
- the financing need can be demonstrated ex ante and is addressed through a financial instrument, excluding grant support;
- the support is temporary and proportionate;
- the amount is limited to a defined proportion of the eligible investment, or to the demonstrated temporary financing gap;
- the working capital financing has a clearly defined maximum duration; and
- the same costs are not supported under another Union or national aid instrument.

Such safeguards would ensure that the inclusion of working capital does not change the investment character of the support, while making the ABER significantly more effective in practice.

AECM stands ready to support the European Commission throughout the revision process and to provide practical evidence and data from its members, that would help operating the above-mentioned changes. We trust that a more flexible, proportionate and fit-for-purpose ABER would help strengthen the competitiveness and resilience of European agriculture, improve access to finance for agricultural SMEs and ensure that public support effectively mobilises private investment.

Brussels, August 2026

About us

The European Association of Guarantee Institutions (AECM) represents 51 members operating in 33 European countries, and 7 affiliates. More than half of AECM members are active in the agricultural sector.

AECM members comprise national promotional banks and institutions, as well as public, private and mutual guarantee schemes. Their common mission is to facilitate access to finance for SMEs by providing guarantees to economically viable businesses that lack sufficient collateral to obtain bank financing.

This so-called SME financing gap is recognised as market failure. By guaranteeing for these enterprises, guarantee institutions address effectively 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. At the end of the year 2024, AECM's members had about EUR 218 billion of guarantee volume in portfolio, thereby granting guarantees to around 6 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU (counter-)guarantees from the very beginning in 1998.

Have a look at our:

Statistical Yearbook 2024

Position papers

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