

EAPB comments on the proposed temporary framework-Iran crisis

General comments

The EAPB highly welcomes the EC proposal for a temporary State aid framework in the context of the war on Iran and the resulting surge in energy and fertiliser prices. However, we feel the measures proposed are too limited in scope and time.

Recent developments indicate that the current crisis is not limited to a short-term shock but reflects a structural disruption of global energy markets. According to the International Energy Agency (IEA)¹, the current geopolitical situation has led to one of the most significant disruptions in global oil supply in recent history, affecting a substantial share of global energy flows and contributing to sustained price volatility.

Because of the complexity of the situation and the different needs, NPBs are uniquely equipped to provide the necessary mix of financial products and associate the private sector. The national and regional promotional banks and funding agencies members of the EAPB are ready to take measures in response to current crisis, like they have during the Covid-19 crisis, fulfilling their role as counter-cyclical state instruments.

Like during COVID, EAPB sees a clear need for strong temporary and targeted State aid measures at this stage, in view of the exceptional increase in imported fossil fuel prices and the knock-on effects on fertilisers, electricity prices, liquidity and continuity of operations in exposed sectors.

EAPB considers that temporary aid measures for the sectors identified in the draft framework are necessary, as these sectors are particularly exposed to sudden fuel, fertiliser and energy-related cost increases and have limited short-term adjustment capacity.

However, we strongly feel that the scope of the measures should be extended, i.e. applying a similar approach to that used under the Temporary Crisis Framework for COVID– namely covering all SMEs. Also, the proposed availability period is too short. The availability period of the framework should be at least until the end of 2027.

¹ IEA, *Oil Market Report*, 2025–2026 updates

Detailed comments

Scope of eligible beneficiaries to be extended

EAPB considers that there is a general need for a temporary measure allowing targeted support for undertakings active in primary agricultural/fisheries production. The current crisis has a direct impact on key agricultural/fisheries inputs, in particular fertilizers and fuel, and the sector is especially vulnerable due to seasonal production cycles, high upfront input costs and delayed revenue realization. EAPB also considers that there is a clear need for temporary targeted support for undertakings active in road transport, given their direct exposure to fuel price increases and limited ability to pass on these costs in a highly competitive market environment. have had an immediate impact on liquidity and operational viability, particularly for SMEs.

However, we wonder why the proposed energy price support is to be strictly limited to road haulage companies and shipping services within the EU. In addition to the sectors already covered, SMEs, especially in manufacturing and processing, also require temporary targeted support as they are significantly exposed to fuel, gas and electricity price spikes and face limited ability to pass through such costs. This may include, activities such as food processing, construction materials, chemicals, textiles, furniture, automotive components and other manufacturing subsectors with structurally high energy intensity (electricity/gas use). This is because:

- First, especially SMEs in manufacturing and processing are structurally exposed to energy price shocks, as energy costs (electricity and/or gas) represent a significant share of their operating costs. For SMEs active in in energy-intensive sectors such as manufacturing - including furniture production, food processing, automotive components, chemicals, construction materials, textiles, etc -, energy costs can account for a significant proportion of total operating costs, frequently exceeding 20% and in some cases representing a critical cost driver for business viability. Many manufacturing SMEs have seen their energy bills double or triple within less than a year. Recent analyses of the manufacturing sector show that energy price volatility has already disrupted firms' cost structures and competitiveness, particularly in energy-intensive activities.
- Second, agro-processing activities, while distinct from primary agricultural production, are closely linked to the agri-food value chain and are directly affected by the same drivers, including higher energy costs and increased prices of agricultural inputs. Disruptions in these segments may propagate both upstream and downstream, affecting farmers, processors and final consumers.
- Third, similarly to the sectors already covered, many SMEs have limited short-term adjustment capacity and face immediate liquidity pressures. This situation is compounded by structural constraints, including more limited access to financing compared to larger companies and persistent barriers to investing in energy efficiency, which have been identified as a key constraint for SMEs.

We therefore consider that the final framework should ensure that at least such energy-intensive SMEs can benefit from simplified and timely access to support under conditions

comparable to those applicable to the sectors already covered. This could be reflected through the inclusion of a dedicated section or equivalent provisions ensuring proportionate and administratively feasible access to aid for these undertakings.

Also, the current restriction to the sectors mentioned could prove to be an obstacle to the launch of support programmes as the situation develops. The framework should therefore be broader in scope so that it can be utilised in a targeted manner should the need arise in the future.

Need for further financial instruments/working capital

In addition, EAPB considers that the framework should explicitly allow Member States to combine guarantee-based financial instruments with interest rate support mechanisms, in particular for working capital financing. Such an approach would enable the level of support to be calibrated in line with the actual increase in costs, while ensuring an effective pass-through of the aid to final beneficiaries through reduced financing costs. This is particularly relevant in the current context, where increases in fuel, energy and related downstream costs require immediate liquidity support rather than purely structural interventions.

Such an approach would contribute to preserving economic activity, employment and regional cohesion, while ensuring that companies facing similar cost pressures across the EU can access support under comparable conditions, so as to avoid distortions of competition arising from differences in the design or accessibility of national aid schemes.

Need for improvements to the methodology

Regarding the calculation base, it is very important that the methodology remain operationally feasible for companies and agricultural producers, including through the use of reasonable historical benchmarks and recognized indices. In practice, Member States should retain sufficient flexibility to implement this support through both direct aid and financial instruments, including guarantees and interest-rate support, where these are effective in addressing short-term liquidity constraints linked to higher fuel and fertilizer costs.

We propose:

- **the use of guarantee schemes:** According to the proposed framework (paragraph 52), the extra-costs are determined on the basis of benchmark market prices. In practice, local prices for fuel and fertilisers already differ significantly between regions. For Germany for example, this would require the definition of several price regions, which is very bureaucratic. The calculation of extra-costs or benchmark prices is associated with considerable administrative effort and does not take into account current developments on agricultural markets. An efficient alternative may be to introduce a simpler approach, such as a small-scale aid scheme (see for example the “Kleinbeihilfenregelung” during COVID) or a guarantee scheme similar to the “Temporary Framework for COVID-19”.
- **Consideration of other eligible costs:** Only the extra-costs for fertilisers and fuel are mentioned. However, as outlined in the Temporary Framework, we are not only facing price increases for nitrogen fertilisers or fuel, but also significant increases, for example, for sulphur and plant protection agents. In horticulture, greenhouses are

heated with natural gas. Thus, horticulture is affected as well. All input prices are rising significantly as a result of the conflict. This is not taken into account. In footnote 32 (to paragraph 52), estimation methods should also be included for fuel and - where applicable - other eligible costs (so far, only fertilisers are mentioned). In addition, in paragraph 54 the cap for providing aid based on a general estimate should be further increased beyond EUR 50,000. A provision for a simple calculation of the aid value of guarantees should be included in the Temporary Framework. We propose to adopt the approach used in the "Temporary Framework for COVID-19. The Temporary Framework should also enable the refinancing of existing credit exposures through the use of guarantees

- **Consideration of the actual economic advantage granted to the final beneficiary**, rather than on the total nominal value of the underlying instrument. For example, in the case of guarantees, the relevant aid element should reflect the benefit effectively transferred to the beneficiary (such as reduced financing costs & lower interest rates, added interest rate subsidy, if the case), rather than the nominal value of the guaranteed exposure
- **More practicable financial difficulty criterion:** With reference to the eligibility criterion related to financial difficulty as of February 2026 this reference may not be operationally feasible in practice. The assessment of whether an undertaking is in difficulty, within the meaning of Article 2(18) of the General Block Exemption Regulation (GBER), relies on financial indicators derived from formally approved annual financial statements, rather than intra-year data points. The assessment should instead be based on the latest available annual accounts, namely those for financial year 2025, in order to ensure legal certainty, consistency and administrative feasibility.
- **Better adjusted measures to reduce fuel dependency:** The framework should allow sufficient flexibility to support not only immediate liquidity needs, but also medium-term adjustments aimed at reducing exposure to energy price volatility. In particular, for the agricultural sector and for SMEs, it would be useful to enable support schemes that combine financial instruments (such as guarantees) with elements of grant support targeting improved financing conditions (e.g. interest rate reductions) and, where appropriate, capital rebates. Such combinations could support investments in the electrification and modernisation of agricultural equipment (e.g. tractors, combines and other machinery), thereby reducing dependence on fossil fuels and enhancing resilience to future energy shocks.
- **Less administrative burden for recovery of aid:** We also suggest to reduce the requirements for the recovery of funds in cases of irregular aid.

Adjustment to CISAF

EAPB considers adjustments to Section 4.5 CISAF necessary. The original calibration of CISAF was adopted in June 2025 in a different market context, whereas the current consultation is explicitly driven by a new energy shock linked to the Iran crisis and the associated increase in imported fossil fuel prices and electricity price volatility. In this context, additional flexibility is justified in order to preserve competitiveness and support continuity of activity for exposed undertakings. We welcome the possibility to cumulate ETS aid. However, the temporary adjustment should not remain limited only to traditionally defined large energy-

intensive industries.. The revised CISAF approach should allow sufficient flexibility for Member States **to include SMEs** where objective exposure criteria are met. Also, the **framework should support not only short-term electricity price relief, but also the transition towards structurally lower exposure to electricity and fossil fuel price volatility.**

Duration

We consider that the proposed duration until 31 December 2026 may be insufficient in light of the expected persistence of the current energy market disruption. The International Monetary Fund (IMF) has highlighted that, while baseline scenarios may assume gradual stabilization, downside scenarios point to prolonged disruptions and economic effects extending into 2027, particularly in the case of continued tensions affecting energy supply chains and trade routes². Furthermore, damage to energy infrastructure, including refining and liquefaction capacity, is likely to require extended recovery periods. Industry analyses indicate that such disruptions may take years to fully normalize, implying that energy prices may remain elevated beyond 2026.

For the agricultural sector, the impact of these developments is amplified by production cycles. Increased input costs (fuel, fertilisers) in one production season affect output, revenues and investment capacity in subsequent seasons, meaning that the economic effects of the current crisis extend beyond a single annual cycle. This dynamic is also recognised in the draft framework, which highlights the sector's limited short-term adjustment capacity.

In this context, EAPB considers that a longer timeframe, **potentially extending at least until the end of 2027**, would provide a more realistic and effective framework for addressing the sustained impact of the crisis, while preserving flexibility for review should market conditions improve earlier.

We remain at your disposal should you have any questions (please contact julien.ernoult@eapb.eu).

² [World Economic Outlook, April 2026: Global Economy in the Shadow of War](#)