

Wednesday 7th of May, 2025

Building a Clean Industrial State Aid Framework that works for European Clean Manufacturing and Innovation

To:

**European Commission President, Ms. Ursula von der Leyen
Executive Vice-President for a Clean, Just and Competitive Transition, Ms. Teresa Ribera
Executive Vice-President for Prosperity and Industrial Strategy, Mr. Stéphane Séjourné
Commissioner for Climate, Net Zero and Clean Growth, Mr. Wopke Hoekstra,**

Dear Madam President Von der Leyen, Executive Vice-President Ribera, Executive Vice-President Séjourné, Commissioner Hoekstra,

We, the undersigned group of nine civil society, research and cleantech organisations, see the Clean Industrial State Aid Framework (CISAF) as an opportunity to enhance Member State support for clean technologies, drive industrial decarbonisation, and secure Europe's place in the global economy as we strive for climate neutrality.

To achieve this, a broader, comprehensive reform effort of EU State Aid rules is needed, going beyond minimising distortions within the EU and proposing solutions up to the level of the global challenges we are facing. While we welcome the prolongation and adaptation of State Aid rules of the Temporary Crisis and Transition Framework (TCTF) through the [current draft CISAF](#), it misses the opportunity to introduce an ambitious new aid framework in the context of the Clean Industrial Deal. **The proposed framework does not deliver the necessary overhaul of EU State Aid rules, changing little about the conditions under which innovative clean technologies can be effectively supported. The draft also doesn't address concerns about the [complexity and incoherences](#)** between different existing aid frameworks, and some of its proposed measures may further erode bankability, discouraging investment in innovative and clean manufacturing. This is especially the case for section 6.2 on cleantech manufacturing, which maintains provisions that have proved problematic in the past, such as the need for an "incentive effect" and a "funding gap", while adding further complexity with unclear new conditions.

A new European way to support clean manufacturing with [a more predictable and performance-based aid structure](#) is needed, learning and improving on best practices abroad. Additionally, simplifying and streamlining State Aid guidelines and reducing bureaucratic hurdles would help more private investors engage in funding projects, thereby boosting overall investment in clean technologies in Europe.

The undersigned call for a comprehensive revision of the draft CISAF, and more broadly of the overall EU State Aid rules, building on four key areas: 1) Simplify and Accelerate State Aid Approvals, 2) Enhance Coordination and Strategic Alignment, 3) Address Market Distortion and Innovation Lock-Out, 4) Increase Transparency and Accountability. This comprehensive reform would benefit taxpayers by only funding success, crowding-in private investment, supporting the most efficient rather than the most expensive technologies, and potentially helping to provide a better balance between small and large Member States, and small and large companies. The recommendations below have also been submitted via the CISAF public consultation.

1. Simplify and Accelerate State Aid Approvals

The current project-by-project assessment method is slow, unpredictable, and discourages new investments from “outside the system”. If there is no clarity on potential aid, companies cannot effectively plan, making projects overly risky. To keep European talent in Europe and promote the scale-up of cleantech in the EU, a significant simplification and acceleration of aid procedures is required. The design of State Aid support should thus:

- **Move towards output-based aid mechanisms** (payment on delivery). This can take the form of fixed direct production support for cleantech manufacturing (as already considered under the Battery booster of the Industrial Action Plan for the European Automotive Sector), or Carbon Contracts for Difference rewarded through competitive bidding tools for industrial decarbonisation (as considered under the Industrial Decarbonisation Bank), ensuring predictable financial support tied to actual production or emission reductions. This means taxpayers pay for success and not failure. Conditions such as a cap on cumulative support per company - potentially degressive over time - can ensure aid proportionality and encourage startups relative to legacy players. It would also ensure manageable aid spending for public authorities.
- **Move away from ‘funding gap’ as a criterion wherever suitable.** Designed to promote additionality, it instead favours costly end-of-pipe solutions over cost efficient but high-risk improvements in manufacturing, process efficiency and decarbonisation while being prone to manipulation and rent seeking.
- **Replace the funding gap with bankable ex-ante eligibility criteria that would prioritise efficiency and innovation.** Predictable support is also necessary for crowding in private investment, one of the core objectives of State Aid.
- **Expand the guidance to ensure that State-Aid clearance is clarified for all types of guarantees.** A significant enhancement brought by CISAF is the simplification of rules around loans and guarantees, as these schemes provide de-risking for companies and financiers, with lower risks of distorting the market. However, the definition of guarantees in CISAF should be increased from just loan guarantees to explicitly cover manufacturing guarantees, performance guarantees and guarantees for power purchase agreements.
- **Create a fast-track mechanism to accelerate clean technology projects,** reducing bureaucracy and enabling a more rapid deployment of funding.

2. Enhance Coordination and Strategic Alignment

Uncoordinated State Aid results in fragmented mini-ecosystems that fail to reach scale. To maximise impact, a beginning-to-end review of State Aid could:

- **Leverage EU funding via the EU Competitiveness Coordination Tool (CCT) to mobilise national spending efficiently and encourage alignment with broader EU priorities.** This should prevent market distortions and ensure a coherent EU-wide industrial strategy. For instance, mechanisms designed to channel national aid towards the achievement of strategic objectives identified via the CCT could be linked to co-funding from the new European Competitiveness Fund and provide more fiscal leeway in the context of the national fiscal-structural plans.

- **Increase ex-ante clarity on the combination of EU funding instruments with State Aid support** to increase the speed of deployment of cleantech investments.
- **Integrate CISAF with existing frameworks**, such as climate and environmental protection aid (CEEAG), to prevent conflicting criteria and inefficiencies. A broader revision of the EU State Aid architecture is a prerequisite to increased efficiency, simplicity and impact of aid.

3. Address Market Distortion and Innovation Lock-Out

Current administrative complexities and State Aid rules disproportionately favour incumbents over new market entrants. This stifles innovation and prevents high-potential clean tech firms from scaling. State Aid reforms should:

- **Ensure aid supports the smartest projects**, not the companies that have the deepest experience in managing the administration systems, by prioritising output cost-efficiency and innovation.
- **Reform the Important Projects of Common European Interest (IPCEIs) framework** to reduce insider bias, shorten the funding cycle and open participation to new, innovative suppliers, and facilitate EU co-financing through the Competitiveness Fund.
- **Use resilience and local content criteria** until performance-based criteria can also be used for critical components and materials to foster local value chains and reinforce the EU strategic autonomy. This should also facilitate monitoring of output-based aid schemes.
- **Adopt performance-based funding criteria** to reward successful implementation rather than speculative projections. The existing circular “cost gap” approach is counterintuitive as once the aid is approved, the cost gap disappears.

4. Increase Transparency and Accountability

The opacity of current State Aid decisions and the lack of ex-post evaluation of aid spending reduce public trust. The State Aid Transparency Public Search database provides limited information and it is hard to track what has been paid to whom, and for what purpose. Transparency and accountability are at the core of Europe's values and should be better reflected in the State Aid decision-making process. Therefore:

- **All State Aid approvals and outcomes should be publicly accessible on a timely basis**, ensuring accountability and enabling better policy alignment and feedback loops.
- **Regular impact assessments** should be mandated, linking funding to clear economic, social and environmental results.
- **Shift from unpredictable case-by-case approvals to standardised funding rules** in order to offer greater certainty to businesses and investors.

To ensure a globally competitive and sustainable European economy, **we urge the European Commission to undertake a full evidence-based revision of the EU State Aid framework** - akin to the successful State Aid Modernisation Initiative of the 2010s. CISAF, and especially the chapters on project-based approvals, should be revised to include transparent, predictable,

and strategically coordinated measures that facilitate investment in clean industries while safeguarding fair competition.

We, the undersigned, welcome the opportunity to discuss these recommendations further and urge you to act swiftly in aligning State Aid policy with Europe's industrial and environmental ambitions, turning them into a clean technology catalyst.

Sincerely,

Signatories:

Airborne Wind Europe 

Cleantech
for Europe

